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THE OIL QUESTION
An Agenda for the 1980s—*Walter J. Levy*
Restructuring the World Economy—*Hollis B. Chenery*

Ethnic Groups and Foreign Policy
Charles McC. Mathias, Jr.
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EDITOR'S NOTE

We hope that our readers will find the articles in this issue as varied and meaty a diet as we have been able to present for some time. In particular, it contains two innovations: Senator Mathias presents what seems to us an especially authoritative and balanced view of a subject seldom systematically discussed but well known to informed Americans—and sometimes caricatured by foreign observers; and Henry Trofimenko is the first Soviet spokesman to appear in our pages for many years. As these and other articles attest, *Foreign Affairs* will always be guided by the propositions stated 59 years ago in our credo.

As it happens, much of the issue also falls naturally into several groupings. This is not the result of conscious planning: on the contrary, at most two of the articles were in any sense directly commissioned, which is typical of a steadily declining trend. Not that we have anything against presenting clearly adversary positions in the same issue, but to plan on this basis can become artificial and may not reflect the true variations in approach and prescription that exist on difficult problems. Messrs. Levy and Chenery, for example, come at the oil problem from significantly different perspectives; the reader can judge whether their analyses reflect deep disagreement on what needs to be done.

While the section of Comment and Correspondence in this issue is useful, it is a little thinner than we would like. As we publish material that offers ample room for controversy and rebuttal, may we remind our readers that we must generally have letters for possible publication in hand by the beginning of the month we next go to press. In the case of our Fall issue, that means by August 1.

The articles in FOREIGN AFFAIRS *do not represent any consensus of beliefs. We do not expect that readers of the review will sympathize with all the sentiments they find there, for some of our writers will flatly disagree with others; but we hold that while keeping clear of mere vagaries* FOREIGN AFFAIRS *can do more to inform American public opinion by a broad hospitality to divergent ideas than it can by identifying itself with one school. It does not accept responsibility for the views expressed in any article, signed or unsigned, which appear in its pages. What it does accept is the responsibility for giving them a chance to appear there.* The Editors.

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Charles McC. Mathias, Jr.

ETHNIC GROUPS AND FOREIGN POLICY

It is doubtful that there has ever been a democratic society—from Periclean Athens to modern America—that lived untroubled by conflict between the preferences and aspirations of groups within the society and the requirements of the general good. If the problem has been more constant and intense in the United States than in other democracies, it is because of the nature of American society—diverse and heterogeneous, a nation of nations, a melting pot in which the constituent groups never fully melted—and because of the American constitutional system with its separated power and numerous points of access thereto.

Whether ethnic diversity and its attendant foreign attachments have been, on the whole, a good or bad thing for the nation has been debated since the birth of the Republic. An obscure Frenchman who came to live in the new nation in the eighteenth century perceived among the "western pilgrims" who had come to America from all over Europe "one of the finest systems of population which has ever appeared." "Here individuals of all nations are melted into a new race of men," he wrote, "whose labors and posterity will one day cause great change in the world."[1] But a more famous Frenchman of the nineteenth century wrote in his classic study of American democracy that, although democratic liberties applied to the internal affairs of a nation as diverse as the United States bring "blessings greater than the ills," this was assuredly not the case in the conduct of foreign relations. "Almost all the nations that have exercised a powerful influence on the world's destiny by conceiving, following up and carrying to completion great designs," Tocqueville wrote, "from the Romans down to the English, were controlled by an aristocracy. . . ."[2]

The case for ethnic political activities—or for the play of "factions," in the terminology of earlier times—is usually made in terms of the evils of suppressing free expression rather than any

[1] Michel-Guillaume-Jean de Crèvecoeur, "What Is an American?," Letter III of *Letters from an American Farmer* (1782).

[2] Alexis de Tocqueville, *Democracy in America*, Vol. 1, Part II, Chapter 5.

Charles McC. Mathias, Jr. has been a Senator from Maryland since 1969, and served in the House of Representatives for eight years before that.

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positive benefits accruing from the influence of the special interests. Lobbying, it is pointed out, is the exercise of the right of petition, sanctified in Anglo-American usage since the time of Magna Carta in 1215, and specifically named as one of the rights for which this nation was founded. In the Resolutions of the Stamp Act Congress in 1765 it was asserted that "it is the right of the British subject in these colonies to petition the King or either House of Parliament." The principle was reaffirmed by the First Continental Congress and in the Declaration of Independence—"our repeated petitions have been answered only by repeated injury"—and finally codified in the First Amendment to the Constitution, protecting the right of the people "peaceably to assemble, and to petition the Government for a redress of grievances."

The affirmation of a right, and of the dangers of suppressing it, does not, however, in itself assure that the right will be exercised responsibly and for the general good. Without challenging the right of petition, Presidents and political thinkers since the Founding Fathers have warned against the evils of the politics of factions, especially in the conduct of foreign relations. In *The Federalist*, Paper Number 10, Madison warned against the dangers of "faction," defined as a combination of citizens "who are united and actuated by some common impulse of passion, or of interest, adverse to the rights of other citizens, or to the permanent and aggregate interests of the community." Madison argued that redress against those who would practice such "vicious arts" would come from representative government itself, which would "refine and enlarge the public views, by passing them through the medium of a chosen body of citizens, whose wisdom may best discern the true interest of their country, and whose patriotism and love of justice, will be least likely to sacrifice it to temporary or partial considerations."

Whereas Madison took hope in the rationality and public-spiritedness of representative majorities, Washington in the Farewell Address stressed the power of artful minorities to do mischief. At a time when rival factions within the new nation were pulling, one toward England, the other toward France, Washington warned against the twin evils of excessive animosity and excessive attachment to particular foreign nations, especially the latter, "facilitating the illusion of an imaginary common interest, in cases where no real common interest exists. . . ."

By the beginning of the twentieth century, the nation had been transformed from a vulnerable fledgling to a world power and, in

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the wake of the great immigrations, from a predominantly Anglo-Saxon society to a potpourri of diverse, only partially absorbed ethnic groups and cultures. Under these altered conditions Presidents from Wilson to Carter have confronted the dilemma (as will Reagan too, no doubt, soon enough) of citizens who couple loyalty to America with bonds of affection for one foreign country or another.

President Wilson in 1914 proposed as an "infallible test" for the hyphenated American that, although he might retain "ancient affections," "when he votes or when he acts or when he fights his heart and thought are centered nowhere but in the emotions and the purposes and the policies of the United States."[3] President Carter, still fresh from the buffetings of office, and concerned apparently with domestic no less than foreign policy pressure groups, stated the problem bluntly in his farewell address: "We are increasingly drawn to single-issue groups and special interest organizations to ensure that whatever else happens, our own personal views and our own private interests are protected. This is a disturbing factor in American political life."[4]

Lest these pages be read as criticism of our country's ethnic groups, the distinction must be drawn between ethnicity, which enriches American life and culture, and organized ethnic interest groups, which sometimes press causes that derogate from the national interest. From the earliest migrations of West Europeans to the later arrivals from Eastern Europe and Asia, from emancipated blacks to recently arrived Hispanics, from famine-driven Irish to refugees from Hitler's tyranny, America has been repeatedly strengthened and enriched by the infusion of new talents and energies. The tired and poor, the homeless and tempest-tossed, the "wretched refuse" who pass through the "golden door," became within a generation or two, and sometimes less, the scientists and entrepreneurs, the farmers and the skilled laborers, the artists and writers who have made America the model and envy in so many respects of the whole world. It was hardly rhetorical excess when President Wilson said: "We have brought out of the stocks of all the world all the best impulses and have appropriated them and Americanized them and translated them into the glory and majesty of a great country."[5]

[3] *Public Papers of Woodrow Wilson, The New Democracy*, Vol. I, New York: Harper & Brothers, 1926, pp. 109–10.
[4] National Television Address, January 14, 1981.
[5] *Loc. cit.* footnote 3.

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II

No less critical than the distinction between ethnicity and ethnic interest groups is that between foreign and American-based ethnic lobbies in the field of foreign policy. Although a good deal of attention and publicity are periodically attracted by the activities of foreign lobbyists or agents, a close examination of their activities shows that those lacking strong indigenous support acquire only limited or transient influence on American foreign policy. Influence-peddling by South Korea under the reported direction of Tongsun Park gave rise to extensive investigations in both the House and the Senate in 1978, which exposed important breaches of law and ethics, but whatever improper influence the "Koreagate" scandal involved, the South Korean government, for all its exertions, was unable to effect major changes in American policy or to acquire a solid base of influence within the Congress.

To state the matter bluntly: foreign bribes and gifts may suborn individual legislators and win specific favors, but they are no substitute for indigenous interest groups capable of aiding or threatening a member's reelection. Similarly (although the issue involved no known illegalities) the once formidable "China lobby," now a Taiwan lobby, failed to mount an effective campaign against the Carter Administration's decision in late 1978 to transfer American recognition from the Republic of China on Taiwan to the People's Republic of China. The efforts of American conservative groups (who complained of Taiwanese acquiescence in the change) were ineffective, although they might have been highly effective if these groups had won the united support of an aroused Chinese-American community.

Other foreign lobbies whose influence, although well publicized, has in fact been limited and transient, have been those of the white minority states of southern Africa. Although the 1971 Byrd Amendment permitting the import of Rhodesian chrome remained on the books for some years, supporters of Rhodesia and South Africa within the United States have been unable to reverse the long-term direction of American policy toward black majority rule in Zimbabwe and Namibia. The dominant influences upon our African policy, I believe, have been the American tradition of support for the self-determination of peoples, along with a commitment to racial justice that is in large part an expression of respect and responsiveness toward our own black population.

As a general proposition it can be said that foreign lobbies that lack significant domestic support exert only limited influence on American foreign policy—more limited perhaps than is generally

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recognized. Further, those who command such support but then lose it—like the old China lobby—soon run out of steam. Nor are resources, however ample, a substitute for a domestic base. The Arabs are unequal competitors with an aid-dependent Israel for influence on American policy, not for lack of resources but for lack of an Arab-American community comparable in size, unity or motivation to the Jewish community of the United States. The real powerhouses of foreign influence are homegrown.

None of the ethnic groups that have wielded significant influence on American foreign policy acquired political clout on the day its members disembarked, even when they disembarked in considerable numbers. They had first to make the unpleasant discovery that the streets of the fabled land were not, as reported, paved with gold; and then, in the course of a generation or so, to learn the ropes and make their way, to become acculturated if not assimilated to American attitudes and practices. This most of the new arrivals did rapidly and well, first forming themselves into voting blocs to be cultivated by those in the existing power structures, then joining the power structure themselves. One ethnic group after another became assimilated into the American political mainstream, the difference between the later and the earlier immigrants being that, unlike the West Europeans who came in the earlier period and by and large became submerged in the larger American culture, the South and East Europeans who came later retained and often strengthened their ethnic identity while becoming Americans in all other respects, including political attitudes and practices. As the self-aware ethnics acquired know-how and influence and power as Americans, they found they could not only make their way in the new land but that they could bring influence to bear on their countries of origin as well, and on American policies toward those countries.

So far had the process advanced by the mid-1970s—with Jews and Greeks exercising well-proven clout, blacks bringing increasing influence to bear on American policy toward Africa, and Hispanics (including many illegals) looming as the next prospective major ethnic political force—that by 1975 it could be plausibly argued, as it was by Nathan Glazer and Daniel P. Moynihan, that the immigration process could be considered "the single most important determinant of American foreign policy." Foreign policy, they wrote, "responds to other things as well, but probably first of all to the primal facts of ethnicity."[6] A leading journalist,

[6] Nathan Glazer and Daniel P. Moynihan, *Ethnicity*, Cambridge: Harvard University Press, 1975, pp. 23–24.

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less sanguine about the consequences of ethnic politics, wrote in 1979 of "pluralism gone mad,"[7] bringing to mind Ambrose Bierce's definition of politics as "a strife of interests masquerading as a contest of principles."

One of the ironies of American ethnic politics is that, just as immigrant groups acquire power and influence only in the new land, it was here too that many acquired an affection for and awareness of the old country that they probably had not felt when they lived there. Most, after all, came to the United States because they did not like their lives in the countries where they were born. If life had been idyllic at home, they would, presumably, have stayed there. Most of the later immigrants—the great waves of the late nineteenth and early twentieth centuries—came to America because they were poor or oppressed or both. Many too, when they arrived, were unskilled and lacking in education—the strata of societies least likely to be politically aware and active. As the saying went, dukes did not emigrate.

A number of factors fostered ethnic self-awareness in the new land. One was freedom—the opportunity to practice customs and religions and even speak languages that had been restricted or suppressed in the immigrants' homelands. Another was disappointment—the poverty of crowded urban ghettos, exploitation by employers and politicians, the prejudice of natives and the hostility of rival immigrant groups, the difficulties and dangers of life in the "mean streets." Thus beset, the immigrant ethnics sought security and solace in their special neighborhoods—"little Italies," "little Polands," Jewish "ghettos" and "Chinatowns." In these enclaves national consciousness was awakened and myths about native villages were born, if not as lost Edens then as safe and serene havens compared to the strange, vast, confusing, and in many respects inhospitable surroundings of America.[8]

Seeking votes and power among the strategically concentrated immigrant groups, politicians and party organizations played to and encouraged the ethnic consciousness of the bewildered newcomers and competed to prove their sympathy for it. Thus began the dubious political tradition, which still flourishes, of political appeals to separatism and parochialism, to the frequent neglect of the common aims and interests of all Americans. To a degree and in many ways that belie the cherished philosophy of the "melting

[7] Meg Greenfield, *The Washington Post*, August 22, 1979.

[8] See Louis L. Gerson, *The Hyphenate in Recent American Politics and Diplomacy*, Lawrence, Ks.: University of Kansas Press, 1964, especially pp. 3–10.

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pot," ethnic differences have survived and even intensified despite the radically altered conditions of life for the second and third generations of immigrants. The differences have survived in part—perhaps in large part—because politicians have encouraged them. The style, of course, has changed, as have the issues, since the days when the immigrant vote was solicited and sometimes paid for by big city bosses. The machines are mostly gone now and the ethnic groups have spread out and prospered, providing much of their political leadership. The basic appeal to ethnicity, however, has not changed, and the diversity that enriches our domestic life remains a recurrent cause of difficulties in our foreign relations.

There are two basic problems, the lesser being the imbalance between competing groups so that some exert disproportionate influence at the expense of those who are weaker in numbers, unity and resources. The greater problem is the loss of cohesion in our foreign policy and the derogation from the national interest when, as Washington and Madison feared, factions among us lead the nation toward excessive foreign attachments or animosities. Even if the groups were balanced—if Turkish-Americans equaled Greek-Americans or Arab-Americans equaled Jewish-Americans—the result would not necessarily be a sound, cohesive foreign policy because the national interest is not simply the sum of our special interests and attachments. It is not, to be sure, wholly separate from these, nor can the national interest be antithetical to the strong preferences of large segments of the population, but the overall requirements of the United States—strategic, economic, political and moral—constitute a whole larger than the sum of its parts. Ethnic preferences figure in that whole but cannot be permitted to preempt it.

As long as the United States remained largely isolated from the conflicts of Europe, ethnic pressures had limited foreign policy impact. Even when Mayor "Big Bill" Thompson of Chicago, seeking Irish support, threatened in 1918 "to make the King of England keep his snoot out of America," the external consequences were minimal. After World War I, however, and to a far greater extent after World War II, when the United States acquired world responsibility, ethnic politics took on a new significance. It mattered little in world affairs, for example, when Senators heaped denunciation on the Tsar of Russia for his brutal suppression of the Hungarian revolution in 1849. It was a more consequential matter when Congress, under pressure from East European nationality groups, in July 1959 unanimously adopted a resolution calling on the President to proclaim an annual "Captive Nations

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Week." By that time ethnic foreign policy pressures had become, in Walter Lippmann's phrase, a "morbid experience."[9]

III

The oldest and most redoubtable of American ethnic interest groups are the Irish, who are credited with major historical exertions, and no little success prior to World War II, in setting the United States at odds with Great Britain. Irish-American as well as German-American opinion strongly resisted and probably delayed American intervention in both world wars.

Speaking of Britain's Irish policy, President Wilson told an adviser before World War I that, "there never can be a real comradeship between America and England until this issue is definitely settled and out of the way."[10] Pressed by Congress and by Irish-American groups to secure Irish home rule at the Paris Peace Conference, Wilson finally lost patience when an Irish-American delegation, for which he had secured permission to visit Ireland, traveled about making incendiary speeches and denouncing British "atrocities." "I don't know how long I shall be able to resist telling them what I think of their miserable mischiefmaking," Wilson complained. "They can see nothing except their own small interest."[11]

In 1940 President Roosevelt referred privately to "wild Irish" isolationist opposition to his policies.[12]

In more recent times the status of Northern Ireland has continued to stir ethnic repercussions in the United States, and although no royal "snoots" have been menaced, the issue still generates some tension between the transatlantic allies. Since British troops entered Northern Ireland in 1969 to suppress violence, recurrent incidents and the failure of the British to find a solution for the Protestant-Catholic conflict in Ulster have aroused the concern and indignation of Irish-Americans, including such highly placed Irish-Americans as the Speaker of the House of Representatives, the Governor of New York and the senior Senators from New York and Massachusetts.

Proposals by American officeholders to mediate the Ulster dispute, or to suspend arms sales to the police in Northern Ireland,

[9] *Ibid.*, p. 19.

[10] Joseph P. Tumulty, *Woodrow Wilson As I Know Him*, Garden City, N.Y.: Doubleday, 1921, pp. 394–95.

[11] Seth Tillman, *Anglo-American Relations at the Paris Peace Conference of 1919*, Princeton: Princeton Univ. Press, 1961, p. 199.

[12] Lawrence H. Fuchs, "Minority Groups and Foreign Policy," in *American Ethnic Politics*, New York: Harper Torchbooks, 1968, p. 149.

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along with warnings of an end to American patience, have been less than warmly received in London. The British were distinctly unenthusiastic about the joint appeal of the "Four Horsemen," Senators Kennedy and Moynihan, Speaker O'Neill and Governor Carey, in 1979 for a united Ireland, all the more as the appeal also charged the British government with "negligence" and "acquiescence" in the face of "gross violations of human rights." Noting that the four American leaders had repeatedly warned Irish-Americans against financing violence in Ulster by contributing to the illegal Provisional Irish Republican Army, *The Economist* of London declined to join in charges of meddling, observing that "the four leaders have been consistently intelligent and cautious in their suggestions."[13]

Considerably less cautious have been the activities of a lobbying group known as the Irish National Caucus, which both the Irish and British governments have accused of aiding the Provisional IRA, and of the Ad Hoc Committee for Irish Affairs consisting, during the 96th Congress, of over 130 members of Congress. The Ad Hoc Committee has periodically pressed for congressional hearings on Northern Ireland and has also tried to play a peacemaking role, but in fact has had less impact than the size of its membership would suggest, partly because of lack of support from the "Four Horsemen," and also because of the opposition of the Irish government. Speaker O'Neill has steadfastly opposed congressional hearings lest they serve as a propaganda forum for the IRA. The then Irish Prime Minister, Jack Lynch, appealed to members of Congress not to join the Ad Hoc Committee and accused the Irish National Caucus of having been "closely associated with violence in Northern Ireland."

Among the American Irish, as among other ethnic groups, nationalism sometimes runs higher and stronger than in the home country. The Dublin government pursues a careful, conciliatory policy toward Northern Ireland and the British government, and deplores the violence of the Provisional IRA. When the Ancient Order of Hibernians, a major Irish-American organization, went to Ireland for its annual meeting in 1978, it was less than eagerly received by the Irish government and responded in kind. An unnamed Irish official said, "If they want to solve the Northern Ireland problem, let them come over here and let them live here."[14]

The moderation and statesmanship of the Irish government,

[13] *The Economist*, March 24, 1979, p. 48.
[14] *The New York Times*, July 6, 1978, p. A5.

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strongly reinforced by leading Irish-American political leaders, have effectively curbed extremist impulses within some of the Irish-American organizations. Whatever international complications may have been generated by Irish-American political activities in the past, it cannot be said that the Irish lobby today represents a disruptive influence on American foreign policy or a threat to the national interest. Among other reasons for this salutary state of affairs, the restraint and responsibility of Irish-American political leaders, who could probably exploit the issue to their advantage if they chose, is critical, and also exemplary.

IV

When Congress, on July 17, 1959, unanimously adopted the resolution calling for a "Captive Nations Week," it is doubtful that many members considered themselves to have made a major foreign policy enactment. The resolution was "churned out," according to a syndicated columnist of the day, "along with other casual holiday proclamations, such as National Hot Dog Month."[15] To members of Congress the resolution (which President Eisenhower promptly implemented) was a more or less routine response to the wishes of Americans whose countries of origin had fallen under Soviet domination. It had been strongly promoted by such groups as the Assembly of Captive European Nations, which had been formed in 1954 to work for the freedom and independence of the nations of Eastern and Central Europe, and was adopted by Congress verbatim from a draft submitted by Professor Lev Dobriansky of Georgetown University, a zealous advocate of East European causes who became well known in the corridors and committees of Congress. Thereafter, each year, Representatives and Senators have been reminded of the annual observance so they could place appropriate statements in the *Congressional Record.*

The Soviet government, noting that the "captive nations" listed in the 1959 resolution included not only the officially independent communist states of Eastern Europe but also integral units of the Soviet Union such as the Ukraine, Armenia, Georgia and Byelorussia, took the resolution somewhat more seriously, despite the milder tone of President Eisenhower's proclamation, his tactful exclusion of a list of "captives," and the omission of any promise to take action to secure their liberation. As it happened, during the first annual observance of Captive Nations Week in July 1959,

[15] Quoted by Gerson, *op. cit.* footnote 8, p. 27.

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then-Vice President Nixon was on a visit to the Soviet Union, and exchanges of visits between President Eisenhower and Premier Khrushchev were about to be announced. Premier—or at that time First Secretary—Khrushchev took the occasion to express strong displeasure with what he read as blatant interference in the internal affairs of the Soviet Union. Nixon felt obliged to explain and, in effect, apologize for Congress' action, telling Khrushchev that "actions of this type cannot, as far as their timing is concerned, be controlled even by the President, because when Congress moves, that is its prerogative. Neither the President nor I would have deliberately chosen to have a resolution of this type passed just before we were to visit the U.S.S.R."[16]

Congress, of course, had not "moved" in the sense of having taken an autonomous policy initiative based on debate and deliberation. Congress had, in fact, *been* moved by interest groups whose goal, although desirable, was practically unattainable. The Eisenhower Administration had already been compelled by practical circumstances to abandon early, facile statements about "liberating" Eastern Europe from Soviet domination. The inability of the West to challenge the Soviet Union on its borders without incurring unacceptable risks had been convincingly demonstrated by the events in Poland and especially Hungary in 1956. By implicitly threatening the Soviet Union with action that the Soviet leaders must have felt reasonably certain, though perhaps not absolutely certain, the United States would not take, Congress created an unnecessary element of tension with the other superpower, while at the same time casting doubt on its own right to be taken seriously in the foreign policy arena. By encouraging on the part of the suppressed populations of Poland, Hungary, Czechoslovakia and other East European countries hopes that almost certainly could not be realized, Congress, for no better purpose than to appease an insistent internal domestic pressure group, acted in a capricious manner that could only lead to bitterness, if it did not actually incite the taking of dangerous risks, on the part of people who had looked to America with confidence and hope.

If achievement of stated goals is the measure of a lobby's success, the East European lobby must be accounted generally unsuccessful. The stated goal of such groups as the Assembly of Captive European Nations—freedom and full independence for the peoples of Eastern Europe—is no closer to attainment in 1981 than it was when ACEN was founded in 1954. The failure to achieve the

[16] Quoted *ibid.*, p. 27.

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ultimate objective does not, however, demonstrate either incompetence or ineffectiveness on the part of the East European ethnic lobby. Liberation has not been achieved for the simple, compelling reason that it cannot be achieved without incurring the risk of World War III. East European ethnic groups have been successful at times in achieving limited, discrete objectives, such as the delay in the early 1960s in extending most-favored-nation trade treatment to Yugoslavia, the organizing of import boycotts of East European products such as Polish hams, and cancellation of a sizable manufacturing contract in 1964 between the Firestone Rubber Company and the government of Romania. The three examples cited were not random in their effect; collectively, along with other lobbying initiatives, they effectively obstructed President Johnson's policy of "building bridges" to Eastern Europe.

Over the years, as one or another East European nation acquired a measure of autonomy from the Soviet Union, many Americans of ethnic descent from these countries have come to favor American trade, assistance and support for their countries of origin. Feelings of national affiliation came to outweigh dislike of the former homelands' communist governments as these governments acquired some freedom from Soviet control, and as it came to seem possible that the United States could bolster that freedom. There are no apparent pressures upon Congress now—none at least of which I am aware—to thwart possible American efforts to bolster the current Polish government as long as it is attempting to accommodate the Polish workers' demands for greater freedom without provoking Soviet intervention. In the 1950s and 1960s East European ethnic pressures effectively slowed, if they did not thwart, moves toward more normal relations with the countries of Eastern Europe and toward détente with the Soviet Union. As it has become obvious that the original objective of the "captive nations" movement—liberation from communist rule as well as Soviet domination—was unattainable, an accommodation to reality has been made.

Captive Nations Week is still proclaimed in the third week of July every year, and Senators and Representatives, with varying degrees of conviction, still make the required statements. The majority, however, and apparently too the majority of Americans of East European origin, have accepted what seem to be the logical conclusions drawn from accumulated experience: that the United States cannot now or at any time in the foreseeable future bring freedom and self-determination to Eastern Europe; that efforts to do so will jeopardize the chances of limited improvements

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being achieved while incurring the risk of dangerous confrontation between the superpowers; that the United States, through judicious political and economic initiatives, can strengthen and thus contribute to bettering the lives of their people; and that what can be done, although short of our preferences, is nevertheless well worth doing.

V

Since the enunciation of the Truman Doctrine on March 12, 1947, the United States has exercised the primary responsibility, previously held by Great Britain, for the strategic support of Greece and Turkey as barriers to the expansion of Soviet influence in the Mediterranean. Together, the two countries, both members of NATO, tie down perhaps 26 Warsaw Pact divisions, although their effectiveness in NATO has been chronically impaired by their quarrel over Cyprus. Turkey, in addition to maintaining an army of half a million, larger than that of any European member of NATO, has made available to the United States military installations from which critical intelligence is obtained regarding Soviet air and naval activities and missiles and weapons tests. By any tangible measure Turkey makes a substantial contribution to the Western alliance and to the national interest of the United States. When they are both active members of NATO, Greece and Turkey contribute substantially to each other's security because, as a Greek Defense Minister once told me, the value of Greece and Turkey acting together is much greater for the alliance than either or both acting separately. Accordingly, the signing in March 1980 of a five-year defense cooperation agreement between Turkey and the United States, after a period of sorely strained relations owing to the arms embargo imposed on Turkey by Congress following its military intervention in Cyprus in 1974, signaled a significant strategic gain for the Western alliance. The reintegration of Greece in October 1980 into the NATO command structure, from which Greece had withdrawn during the crisis of 1974, further strengthened NATO's southern flank, but it is by no means clear that the damage to relations between the United States and its two partners has been or will be completely repaired.

The historic conflict between Greece and Turkey, which erupted once again in 1974 with the Greek-engineered coup in Cyprus and the Turkish military intervention, quickly spilled over into the internal politics of the United States. Whereas the Turks heavily outweighed the Greeks in their own region, the Greeks, with a powerful ethnic lobby mobilized for their cause, held the upper

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hand in Washington. Armed with the fact that the Turks, in violation of the Foreign Military Sales Act, had used American arms in their invasion of Cyprus, the Greek-American organizations, spearheaded by the newly formed and largely foreign-supported American Hellenic Institute (AHI), worked assiduously and successfully to bring about the congressional vote for the arms embargo, which went into effect on February 5, 1975.

Greek-Americans were supported in their lobbying efforts by Americans of Armenian descent. The lobbying groups continued their campaign thereafter to prevent repeal of the embargo, bombarding Senators and Representatives with letters, telegrams, phone calls, personal visits, and even, in some cases, gifts of wine and cheese. A Senate vote in May 1975 to repeal the arms ban aroused the lobby to renewed efforts in the House of Representatives. In the week preceding the vote in the House, Greek-American rallies were held on the Capital steps and Representatives were flooded with appeals and messages. On July 24, by a vote of 223 to 206, the House voted to uphold the embargo. One member of the House, on whom heavy constituent pressure had been applied, was quoted as saying, "Maybe I wouldn't have lost my seat over this, but who wants the hassle?"[17]

Failure to repeal the embargo prompted Turkey on the day following the House vote to close 26 U.S. bases and listening posts on its territory. In the domestic arena, however, 45,000 Americans of Turkish origin, most of them recent arrivals and not yet politically acculturated, were heavily outgunned by organizations claiming the support of three million Greek-Americans. The Turks had one domestic windfall: efforts by the Greek lobby to form, or at least create the appearance of, an alliance with the influential Israeli lobby failed. Israel, on the contrary, fearing the consequences to itself of the loss of U.S. listening posts in Turkey, which had proven valuable to Israel during the 1973 Arab-Israeli War, signaled its supporters to that effect, whereupon the leading Jewish organizations lent quiet but effective support to the Ford Administration's continuing efforts to secure repeal or modification of the embargo. Intensive efforts by President Ford and Secretary of State Kissinger culminated in congressional approval in October 1975 of a partial lifting of the arms embargo against Turkey.

Further relaxation of the embargo occurred over the next two years, but Congress did not finally repeal it until the summer of

[17] See Russell Warren Howe and Sarah Hays Trott, *The Power Peddlers*, Garden City, N.Y.: Doubleday, 1977, p. 444.

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1978. In the meantime relations between the United States and Turkey remained strained, and although the Turks gave no indication of wishing to withdraw from the Western alliance, they showed increasing interest in expanding their economic ties with the Soviet Union. Upon returning from Moscow in June 1978, Prime Minister Bulent Ecevit commented that "the embargo certainly affects our thinking in many ways and encourages us to be more imaginative regarding solutions to our economic problems and to our defense problems."[18]

The Senate and House debates of the summer of 1978 were accompanied by intensive lobbying campaigns. President Carter in a news conference on June 14, 1978, said that lifting the embargo was "the most immediate and urgent foreign policy decision" before Congress. A leading supporter of repeal, Representative Paul Findley of Illinois, was quoted at the time as saying that the President was going to have to do a lot more than "make a few phone calls and have some Congressmen over to the White House for breakfast," because "the opposition is dedicated and strong, and it's been gearing up for this fight for a long time."

Opponents of repeal, including respected and influential leaders in both the Senate and the House, argued that they were prepared to have the embargo lifted as soon as Turkey began seriously negotiating a settlement on Cyprus. The Carter Administration and supporters of repeal in Congress pointed out that the embargo, after three and a half years, had failed to spur a large-scale withdrawal of Turkish forces from Cyprus or bring the Turks to the negotiating table, while having the undesired effects of alienating Turkey from the United States, impairing its armed forces, denying the United States intelligence on missile tests and troop movements in the Soviet Union, and thus seriously weakening the southeastern flank of NATO. In my own Senate speech in support of repeal I stressed that the action was needed to uphold NATO and was in no way anti-Greek; I cited the strategic arguments for repeal made by five former supreme allied commanders of NATO; I recommended that the Senate's decision "be based on a perception of American as well as of Greek or Turkish interests"; and I quoted Plato: "There can be no affinity nearer than our country."[19]

Although the Senate, overwhelmingly, and the House, by a narrow margin, voted to lift the embargo, the issue did not end in

[18] Congressional Research Service, Issue Brief Number IB79089, *Turkey and U.S. Interests*, p. 13.

[19] *Congressional Record—Senate*, July 25, 1978, p. S11707.

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the summer of 1978. The following year, abetted by pro-Greek lobbyists, a protracted argument between the Senate and the House over a small item—whether $50 million in military assistance to Turkey was to be a grant or a loan—demonstrated to Turkey, in the words of a Library of Congress study, that "the arms embargo has not ended psychologically, even if it has legislatively."[20]

The ethnic Greek lobby, which demonstrated its considerable clout in helping bring about and then defending the Turkish arms embargo, has sometimes been compared with the potent Israeli lobby. There are only about three million Greek-Americans, compared to six million Jewish-Americans, but, like the Jews, the Greeks are concentrated in a relatively few urban states where they represent sizable and important voting blocs. In addition, like the American Jewish community, the Greek community in the United States is generally well organized, internally cohesive and motivated, well represented in business and the professions, and politically active in both political parties. The Greeks too, like the Jews, have had a real grievance: the Turks *did* violate the conditions of American military aid, and, in violation of both equity and international law, have maintained a tight military grip on nearly half of the island of Cyprus since 1974. The point should not be overlooked: for all the technique involved, and despite frequently exaggerated claims and arguments, neither Greek nor Jewish lobbies would command the support they do in Congress and with the American people if their case did not have substantial merit.

This, however, is about as far as the similarity between the two communities and their respective lobbies goes. By any objective measure of power and influence, the Greeks are "Number Two," and a fairly distant second at that.

VI

"Fear undoubtedly is the greatest single factor accounting for Jews' high level of political activity," Steven D. Isaacs wrote in his book, *Jews and American Politics*.[21] The fear, Isaacs writes, antedates the Nazi Holocaust, going back to the Jew-baiting, discrimination and pogroms of Eastern Europe in the nineteenth and early twentieth centuries, from which over two million Jews, mostly penniless but with compelling motivation, sought and

[20] Congressional Research Service, *loc. cit.*, p. 12.
[21] Steven D. Isaacs, *Jews and American Politics*, Garden City, N.Y. Doubleday, 1974, p. 15.

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found refuge in America. Between 1880 and 1924 an estimated two and a half million Jews, representing one-third of East European Jewry, came to the United States, and like other East European immigrants, they came not as individuals but as a society, united in the experience of oppression, united and isolated too in confrontation with the gentler but still unfriendly gentile society surrounding them in the new land.

"The fear," writes Isaacs, "is pandemic among Jews and, whether that fear is at the surface of those Jews who involved themselves in politics, or buried deep within them, it *is* there and is the prevailing motive for a great part of their activity."[22] Carrying the analysis further to account for the extraordinary phenomenon of Jewish generosity in both charity and politics, Isaacs suggests that Jews are "paying to put in power the kind of men who will neither confiscate Jews' assets, wall them into ghettos, nor annihilate them." Or as New York's distinguished former Senator Jacob K. Javits summarized the Jewish ethic, "Give me a just society and I'll give you everything else."[23]

Jews have not always been active in American politics. Before World War II many American Jews hesitated to awaken the "sleeping giant" of anti-Semitism, but the growing acceptance and rising self-confidence of Jews during the Roosevelt era encouraged an increasingly active role. What galvanized Jewish political energies, however, were the Nazi Holocaust as its enormity became known, and above all, the birth and subsequent tribulations of an embattled, imperiled State of Israel. Determined that never again would the Jewish people be subjected to such unspeakable horrors as the genocide of World War II, the postwar generation of American Jews, by now familiar with the workings of the system, and with the sympathy and support of non-Jewish Americans, mobilized political, economic and intellectual resources to ensure the survival of the Jewish state.

President Truman, who is revered in Israel for his contributions to the creation of the Jewish state, was by no means committed to the Zionist cause when he became President in 1945. He was impressed by arguments made by the State and Defense Departments and by his military advisers that a pro-Zionist policy would militate against the national interest by alienating the Arabs in a period of mounting cold war with the Soviet Union. Dean Acheson, who served as Under Secretary and later as Secretary of

[22] *Ibid.*, p. 16.

[23] *Ibid.*, pp. 19, 119, 129.

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State in the Truman Administration, opposed the creation of a Jewish state. Of those who had urged a pro-Zionist policy on the President, Acheson later wrote, "They had allowed, so I thought, their emotion to obscure the totality of American interests."[24] General Marshall, Secretary of State at the time of Israel's independence, urged that decisions on Palestine not be based on domestic politics.

Truman, however, came down repeatedly on the side of political advisers who warned of the risk of alienating Jewish voters. He first officially endorsed the creation of a Jewish state in Palestine on October 4, 1946, the day of Yom Kippur, and one month before the congressional election. Over the next year and a half, pressures for further commitments mounted, to the President's considerable annoyance. "As the pressure mounted," Truman wrote in his memoirs, "I found it necessary to give instructions that I did not want to be approached by any more spokesmen for the extreme Zionist cause."[25] For a time, in early 1948, Truman refused to receive Dr. Chaim Weizmann, who was to be Israel's first President, but he relented when his former business partner, Eddie Jacobson of Kansas City, at the request of American Jewish leaders, appealed to the President personally.[26] In the spring of 1948 Truman was warned repeatedly of the political risks of delay in recognizing the State of Israel. On May 12, 1948, for example, Jacob Arvey, the Democratic leader in Chicago, wrote Truman, "I fear very much that the Republicans are planning to exploit the present situation to their further advantage. This ought not to be permitted."[27] At a White House conference on Palestine on the same day Clark Clifford, then Special Counsel to the President, argued, against the State Department, the electoral advantages of prompt recognition. The State of Israel was proclaimed at 6 p.m., Washington time, on May 14, 1948. At 6:11 p.m. the White House announced the United States' recognition of the new state.

The decision-making as well as the decisions of the Truman Administration leading to the recognition of Israel stand as a paradigm of Middle East policymaking over the three decades following. With the exception of the Eisenhower Administration, which virtually compelled Israel's withdrawal from Sinai after the 1956 war, American Presidents, and to an even greater degree

[24] Dean Acheson, *Present at the Creation*, New York: W.W. Norton & Co., 1969, p. 169.
[25] Harry S. Truman, *Memoirs*, Vol. 2, Garden City, N.Y.: Doubleday, p. 160.
[26] John Snetsinger, *Truman, the Jewish Vote, and the Creation of Israel*, Stanford, Ca: Hoover Institution Press, 1974, pp. 75–77.
[27] *Ibid.*, pp. 105–09.

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Senators and Representatives, have been subjected to recurrent pressures from what has come to be known as the Israel lobby. For the most part they have been responsive, and for reasons not always related either to personal conviction or careful reflection on the national interest. When, for example, the American Israel Public Affairs Committee (AIPAC) mounted its 1975 campaign to negate the effect of a Ford-Kissinger "reassessment" of policy toward Israel, initiated following the breakdown of Sinai disengagement talks in March, it chose as its medium a letter from Senators strongly endorsing aid to Israel. Seventy-six of us promptly affixed our signatures although no hearings had been held, no debate conducted, nor had the Administration been invited to present its views. One Senator was reported to have candidly expressed a feeling that in fact was widespread: "The pressure was just too great. I caved." Another was reported to have commented, "It's easier to sign one letter than answer five thousand."[28]

The "letter of seventy-six" was perhaps the most spectacular, but not necessarily the most important of the operating successes of AIPAC, the group that works most directly for Israeli interests in Congress. More important, in the long run, has been the success of the Jewish organizations in maintaining solid congressional support for a high level of military and economic aid to Israel. This is not to suggest that Congress supports Israel for no better reason than fear of the Israel lobby; on the contrary, I know of few members of either house of Congress who do not believe deeply and strongly that support of Israel is both a moral duty and a national interest of the United States. It is rather to suggest that, as a result of the activities of the lobby, congressional conviction has been measurably reinforced by the knowledge that political sanctions will be applied to any who fail to deliver. When an issue of importance to Israel comes before Congress, AIPAC promptly and unfailingly provides all members with data and documentation, supplemented, as circumstances dictate, with telephone calls and personal visits. Beyond that, signs of hesitation or opposition on the part of a Senator or a Representative can usually be relied on to call forth large numbers of letters and telegrams, or visits and phone calls from influential constituents.

To a lesser degree lobbying has been generated as well in recent years from the relatively small Arab-American community. Before World War II only about a quarter of a million Arabs had come

[28] Howe and Trott, *op. cit.* footnote 17, pp. 272–73.

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to the United States as immigrants, most of them Christians from Lebanon and Syria. A sizable number of Palestinian refugees and other Arabs—including professionals, technicians and students—found their way to the United States in the years after the 1948 war, and there are now two million Americans of Arab origin. Neither the old nor the new immigrants formed a cohesive ethnic political force until after the 1967 War, which awakened Arab-Americans to a sense of their origins and of their bonds with the Arab world. The National Association of Arab-Americans (NAAA) was founded in 1972 by prominent professional people of Arab descent "to protest and to register their disagreements with American policies of unquestioning support to Israel and total disregard for the security of Arab states in the Middle East."

Both lobbies, with heavy backing from their respective foreign counterparts, participated vigorously in the debate in the spring of 1978 over a Middle East arms sale package including the sale of 60 F-15 fighter planes to Saudi Arabia. While the Saudis relied primarily on professional lobbyists, including a public relations firm with whom they contracted for the express purpose of securing the F-15s, the Israelis relied on their own representatives and officials as well as on AIPAC and other American Jewish organizations to try to thwart the Saudi transaction. AIPAC, for example, in the candidly expressed hope of influencing votes on the arms sale, distributed to every member of Congress complimentary copies of the novel *Holocaust*, based on the widely viewed television series. On April 27, 1978, Israeli Foreign Minister Moshe Dayan met with members of the Senate Foreign Relations Committee at the Watergate Hotel to argue against the arms package. In hearings before the Senate Foreign Relations Committee, Morris J. Amitay of AIPAC warned of a "cycle of blackmail" if Saudi Arabia were permitted to buy warplanes as a "reward" for restraint on oil prices; John P. Richardson, speaking for NAAA, disavowed submission to oil or any other kind of blackmail but urged the Committee to "face up to the fact that interests include continuing access to the one community that makes this whole thing go."[29]

The Senate debate of May 15, 1978, on the Saudi arms sales was a fundamental one, ranging beyond military technicalities to embrace basic questions of the national interest and where it lay. In my own statement in support of the arms sale I noted that the planes had become symbols of the "American connection" on

[29] Middle East Arms Sales Proposals, *Hearings before the Senate Foreign Relations Committee, 1978*, pp. 166, 180.

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both sides, affirmed that the American commitment to Israel was "unique and unalterable," emphasized the importance of Middle East oil for ourselves and for our allies, and stated my belief that the range of American interests in the Middle East pointed to a relationship with Israel that was unique but not exclusive.[30]

I also made a point that seems even clearer today. I said:

> The Soviet noose around the Middle East is tightening. This is no time for us to make mistakes. In this area the interests of Saudi Arabia and Israel coincide. Both are anti-Soviet. Both actively promote our interests, as well as their own, by combating radicalism in the region. Both are good friends to the United States. And both need our support.[31]

The Senate approved the arms package by a vote of 54 to 44. Although it was interpreted at the time as a defeat for the Israel lobby, a more sober and objective interpretation is that the Senate withstood strong countervailing pressures to recognize the *variety* of American interests in the Middle East and the necessity of a policy aimed at *reconciling* these interests as distinguished from choosing one and sacrificing others. Something of the emotional, judgmental atmosphere surrounding the arms sale issue was evident in a letter to a Jewish newspaper in New York in which the writer, noting correctly that Senator Mathias had supported the arms package and cited oil as a necessary factor in the Senate's decision, commented: "Mr. Mathias values the importance of oil over the well-being of Jews and the State of Israel. The Jewish people cannot be fooled by such a person, no matter what he said because his act proved who he was."

One of the notable successes of lobbying by Jewish-Americans, the Jackson-Vanik Amendment of 1974, appears in retrospect to have been a Pyrrhic victory. A major effort by AIPAC, working in collaboration with Senate aides, had quickly secured over three-quarters of the Senate as sponsors of the amendment. The linkage of nondiscriminatory trade with freedom of emigration so angered the Soviets that, upon adoption of the trade act as amended, they canceled the 1972 Soviet-American trade agreement and stopped payment on World War II lend-lease debts. Jewish emigration, which had reached a peak of 35,000 in 1973, was reduced to 21,000 in 1974, the year Jackson-Vanik was adopted, 13,000 in 1975, 14,000 in 1976 and 17,000 in 1977. With a SALT II arms limitation agreement and expanded trade seemingly in prospect, Jewish emigration rose to 29,000 in 1978 and a record 51,000 in

[30] *Congressional Record—Senate*, May 15, 1978, p. S7396.
[31] *Ibid.*

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1979, but then, with the December 1979 Soviet invasion of Afghanistan and the subsequent American grain embargo, fell to 21,000 in 1980.

The Jackson-Vanik Amendment not only failed of its own purpose but proved highly consequential as well for overall Soviet-American relations. The amendment put a lasting strain on the détente of the early 1970s, although it is unlikely that the congressional majorities who supported Jackson-Vanik had much thought for anything except an affirmation of the human rights of Russian Jews. The larger political consequence, whether in retrospect one welcomes or deplores it, was not intended at the time. In a meeting with Jewish leaders on June 15, 1975, Secretary of State Henry Kissinger said, "No country could allow its domestic regulations to be dictated as we were pushing the Soviets to do. . . . I think it was a serious mistake that the Jewish community got hung up on it."[32] Hyman Bookbinder, a respected and thoughtful leader of the American Jewish Committee, was quoted in 1975: "Logic told us we might lose the gamble, and it seems like we lost it. What we hoped we would get out of the Jackson Amendment did not come to pass."[33] A product of ethnic politics, the Jackson Amendment remains on the books, a failure on its own terms, an inadvertency in its larger consequences.

VII

The "secret weapon" of ethnic interest groups is neither money nor technique, which are available to other interest groups as well, but the ability to galvanize for specific political objectives the strong emotional bonds of large numbers of Americans to their cultural or ancestral homes. As stated by a congressional aide with strong sympathies for Israel: "We don't do it for money the way some paid lobbyists do. We do it out of a very, very passionate commitment."[34]

The effects of these emotional bonds on American foreign policy are in some respects salutary. Ethnic groups awaken their fellow citizens to interests and injustices that might otherwise be overlooked or sacrificed to more tangible interests. But for the activities of Greek-Americans we might have overlooked, for larger strategic reasons, the injustices suffered by the Greek population of Cyprus. It is a plausible proposition too that, if it were not for the fact that

[32] Department of State Memorandum of Conversation.
[33] Howe and Trott, *op. cit.* footnote 17, p. 318.
[34] William J. Lanouette, "The Many Faces of the Jewish Lobby in America," *National Journal*, May 13, 1978, p. 755.

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over 20 million Americans are black, we would have been less active in efforts to secure racial justice in southern Africa. In the case of the Middle East there seems little doubt that, but for the efforts of American Jews, our military and economic aid to Israel would be less than it is, although I remain convinced that, even if there were no Israel lobby, the American people would remain solidly committed to Israel's survival.

Granting these benefits, ethnic politics, carried as they often have been to excess, have proven harmful to the national interest. Bearing out George Washington's warning, they have generated both unnecessary animosities and illusions of common interest where little or none exists. There are also baneful domestic effects: fueled as they are by passion and strong feelings about justice and rectitude, debates relating to the interplay of the national interest with the specific policies favored by organized ethnic groups generate fractious controversy and bitter recrimination. Public debate becomes charged with accusations of "betrayal" and "sellout," which is to say, of moral turpitude, when in truth the issues that divide us are, with few exceptions, questions of judgment and opinion about what is best for the nation. Ethnic advocacy represents neither a lack of patriotism nor a desire to place foreign interests ahead of American interests; more often it represents a sincere belief that the two coincide. Similarly, resistance to the pressures of a particular group in itself signals neither a sellout nor even a lack of sympathy with a foreign country or cause, but rather a sincere conviction about the national interest of the United States. There is a clear and pressing need for the reintroduction of civility into our public discussions of these matters.

Both the President and the Congress can help to reduce the fractiousness and strengthen our sense of common American purpose. The President, with his national constituency, is in a unique and powerful position not only to resist parochial pressures but to lead and educate the American people in matters of their common bonds and shared purposes. The Congress, although more vulnerable to group pressures, is not without resources to respond to them. Although Senators and Representatives do not usually have a national forum, they have ready access to their own constituents and there is nothing in the book of rules that prevents them from being leaders as well as followers of public opinion.

Sam Rayburn, longtime Speaker of the House, used to say that a legislator's first duty is to get reelected. It is a compelling but

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insufficient formula. An elected representative has other duties as well—to formulate and explain to the best of his or her ability the general interest, and to be prepared to accept the political consequences of having done so. In Edmund Burke's famous formulation: "Your representative owes you, not his industry only but his judgment; and he betrays instead of serving you if he sacrifices it to your opinion."

As to the interest groups themselves, beyond the occasional tightening or reform of the lobbying and registration laws, it is difficult to conceive of any legally binding restraints upon them that would not be worse than their occasional excesses. As Madison noted, the only available methods for eliminating the "mischiefs of faction" are by destroying liberty, which is a cure far worse than the disease, or by giving everybody the same interests and opinions, which is altogether impracticable.[35] The desirable alternative is the encouragement on the part of ethnic groups of an entirely voluntary appreciation of what Irving Howe has called the "limits of ethnicity" and the "grandeur of the American idea." Ethnicity enriches our life and culture, and for that purpose should be valued and preserved; but the problems of the modern world and their solution have broken past the boundaries of ethnic group, race and nation. Howe summarizes: "The province, the ethnic nest, remains the point from which everything begins and without which, probably, it could not begin; but the province, the ethnic nest, is not enough, it must be transcended."[36]

[35] James Madison, *The Federalist*, Paper Number 10.
[36] Irving Howe, "The Limits of Ethnicity," *The New Republic*, June 25, 1977, pp. 17–19.

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Seweryn Bialer

THE HARSH DECADE: SOVIET POLICIES IN THE 1980s

The Brezhnev era is coming to an end. In all probability the 26th Party Congress (February–March 1981) will prove to have been the last one at which Leonid Il'ich and his aged cronies successfully defended their positions of power. Of course, memories of similar predictions made after the 25th Party Congress alert us to the need for caution in anticipating the current leadership's departure. Yet we base our expectations of the approaching end of the Brezhnev era not only on the passing of the Brezhnev generation, which must ultimately occur. Equally significant is the rapid changing of the domestic and international conditions and circumstances which have shaped the character of the past decade and a half. Thus, even if Brezhnev and his contemporaries were to remain in power for another year or two, dramatic alterations of the international and internal environment of the Soviet Union from the time when Brezhnev was at the height of his rule will profoundly influence the perceptions, behavior and policies of the Soviet regime. While the 26th Party Congress showed some recognition of the changing international and domestic environment, its attempts to grapple with the resulting issues and problems have been minimal. The CPSU cannot enjoy this luxury much longer.

The Brezhnev era, particularly from 1965 to approximately 1976, will probably go down in history as the most successful period of Soviet international and domestic development. Internationally, it was a period when the Soviet Union fulfilled its major postwar dream: to achieve strategic parity with the United States and become a truly global power. Soviet rule over its empire was legitimized internationally and the so-called Brezhnev Doctrine—implying the right and obligation of the Soviet Union to intervene in any communist state to maintain the communist system intact—was developed to secure continuation of that empire by any means. Although the Soviet Union was unable to

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Seweryn Bialer is Professor of Political Science at Columbia University and Director of its Research Institute on International Change. He is the author of numerous works on the Soviet Union, of which the latest is *Stalin's Successors*.

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regulate its relations with the other communist giant, China was torn by cataclysmic internal strife, and Soviet leaders were able to deploy strategic tactical and conventional forces on their eastern border, thus changing the military geography of the area and ensuring against any surprises from the Chinese side.

It was a period when the Soviets increased their influence in the international arena and, at the same time, witnessed the economic and political decline of their chief adversary, the United States. The Soviet Union was able to translate its newly won power and recognition into a new relationship with the Western alliance (particularly the United States) which was called détente and which constituted a promising cornerstone of Soviet long-range strategy. Détente promised economic benefits and, most important, an expansion of Soviet global influence without the danger of confrontation with the United States and its allies. It also promised a further swing in the balance of global influence and power in favor of the Soviet Union.

Domestically, it was a period of great stability of leadership and politics in the Soviet Union, when a system based on elite accommodation, compromise and bargaining fostered a tranquil political climate. The Soviet leadership dealt successfully with unprecedented dissent movements among the intelligentsia and assured a relatively high degree of political and social stability in the country. On the economic front, for the first time in its history the Soviet leadership was able to pursue successfully and simultaneously a policy of guns and butter as well as growth. It was a period when the Soviet regime was able to avoid any significant degree of systemic crisis within its social and political system.

During the mid-1970s, however, these domestic and international trends were reversed. By the end of the decade, the previously favorable situation had begun to unravel. The 26th Party Congress convened in a new situation marked by the clear short- and medium-range potential for dangerous and unfavorable developments. The new situation illustrated the adage coined by a European statesman in the interwar period: "Russia is never as strong as she looks, Russia is never as weak as she looks." Today, Soviet developments are riddled with paradox. The Soviet Union exhibits both strengths and weaknesses, assets and liabilities:

—Today, more powerful than ever, the Soviet Union is nonetheless more insecure than it has been during the last ten to 15 years. It faces a more assertive United States, as well as a potential alliance between China and the West, and a change in the trend of the balance of military spending which places in jeopardy its

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attainment of parity. This curious mixture of power and insecurity places a special imprint on Soviet foreign policy and international behavior.

—The Soviet Union has become a global power, feared by friend and foe alike. Its model of rule and development, however, is increasingly considered irrelevant by both Marxists and non-Marxists, and the Soviet socioeconomic and political system is held in greater contempt than ever.

—If Soviet expansion has reached a temporary peak, Soviet leaders see in Poland, their own imperial backyard, the greatest challenge of their postwar history as a national Polish revolution threatens to undermine the centralist Leninist state. The Soviet Union retains control over an extensive internal and external empire in which its political and military dominance is still strongly pronounced. Yet it has ceased to draw economic benefits from that empire and must even support it economically. A curious situation has developed in which the East European standard of living is and will continue to be higher than that in the Soviet Union, and in which the Uzbek peasant lives far better than his Russian counterpart. The economic viability of the East European empire, moreover, depends to a large extent on economic help from and interchange with Western adversaries of the Soviet Union.

—Soviet foreign policy in the Brezhnev era has realized significant gains in international influence and major achievements in global expansion. At the same time, however, the Soviet Union has suffered major failures and significant reverses, most notably in the Middle East, where it lost its pivotal influence in Egypt. Such an ambiguous balance of gains and losses leaves the Soviets with undiminished appetites, but also with a sense of deep frustration.

—During the 1960s and 1970s, the Soviet Union built its foreign policy on the cornerstone of competitive accommodation with the West, particularly the United States. But as it enters the 1980s, this cornerstone has begun to erode. The Soviet Union faces a situation marked not by competitive accommodation, but rather by the greatest challenge to its global ambitions of the last 20 years. If the Soviet Union expanded in the 1970s through low-risk and low-cost adventures without a major danger of confrontation with the United States, the risks and costs of expansion in the 1980s will be much higher and the danger of confronting the United States significantly greater. In the 1980s there is likely to be no Soviet expansion without confrontation.

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—During the past two decades, the Soviet Union experienced the finest economic, political and social period in its history. Growth rates remained high; accommodation and compromise defined relations among the elites; mass terror disappeared; the population enjoyed the most rapid growth ever in its standard of living. But in the 1980s the Soviet Union may well pass through the worst period it has seen since the death of Stalin. Growth rates will be the lowest ever; factionalism and tensions will probably disrupt relations among the elites; more coercive policies may return; and the population can expect a stagnating or even declining standard of living. The very stability of the social system may be in question.

The 26th Party Congress convened, then, in a context shaped by these paradoxes. The Soviet Union enters the 1980s at least partly conscious of such paradoxes and the resulting dilemmas. It lacks, however, any long-range vision regarding the means to resolve them.

II

On what major premises was Soviet foreign policy of the 1970s constructed? First, that détente with the United States would remain irreversible despite zigzags in American policy, and that America's pre-Vietnam assertiveness could not be restored. It was further assumed that Soviet competition with the United States would remain controlled and elements of cooperation retained, given the pressures of the changing military balance, the inward-directed mood of American public opinion, and the demands from America's European allies, particularly West Germany.

Second, that the tilt toward the Soviet Union in the military balance, established in the 1970s, would continue. The Soviets expected that while the West might attempt to make adjustments in the military balance, there would be no new effort by the United States to regain strategic superiority, and that attempts to redress significantly the European theater balance would be successfully resisted by America's allies.

Third, that the Soviet Union would be able to translate its newly won military status into power and influence in those areas of the world which are outside of the great powers' recognized spheres of influence, without risking confrontation with the United States or its allies.

Fourth, that the Soviet Union would continue to exploit targets of opportunity presented by the turmoil in the less developed

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countries. No area of the world was viewed as being outside the possible spread of its influence.

Fifth, that the basic balance in Europe would be frozen on both sides and that, while no major changes in Soviet influence in Western Europe could be expected, no major dangers to the stability of the East European empire would develop.

Sixth, that the Soviet Union would be able to carry indefinitely the burden of both its expanding role as a global power and its empire without inducing severe economic constraints at home, without violating the existing economic system of planning and management, and without endangering the social and political stability of its home base and empire.

Seventh, that Soviet expansionist policies and the quest for global influence would preclude neither the expansion of economic cooperation with the West nor the influx of advanced foreign technology and credits to the Soviet Eastern bloc and the Soviet homeland itself.

Today the Soviet Union faces a United States that has for the most part left behind its post-Vietnam and post-Watergate doubts and uncertainties. It faces a new Administration whose policies toward the Soviet Union and the world may constitute a major departure from those of its predecessors, in assertiveness in the international arena and willingness to steer a collision course with the Soviet Union where vital interests are concerned. Change in the direction of the balance of military power from that which prevailed in the 1970s is very probable, and the Soviet Union may even be compelled to undertake a new large-scale arms race with the West at a time when it can ill afford the necessary increased expenditures. Meanwhile, it confronts a China which is no longer pursuing a self-destructive course of permanent revolution but is concentrating on modernization and the pursuit of virtual alliance with the United States, Japan and NATO. These problems are complicated by a situation in Afghanistan that is more troublesome than the leadership expected. Even more dangerous is the situation in Poland, the pivotal country in the Soviet empire, a situation with incalculable implications for the future of both the Soviet empire and the Soviet Union itself, regardless of what course of action the leadership adopts.

III

The shape of Soviet politics and policies changes very slowly. One must always count on the built-in tendency of the Soviet

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political system to retain the characteristics and directions typical of the 1970s. Yet in the 1980s the Soviet Union will be facing issues and events which may make for incremental changes—conceivably even fundamental changes, though this seems less likely—in the nature of politics and the direction of policies. We have discussed some of the foreign policy issues that face Soviet policymakers in the 1980s. We will now discuss some of the key domestic issues.

Perhaps no more portentous problems will exist for Soviet leaders in this decade than those that concern the economy. The impact of these problems on the political system and on the relationship of that system with the society will be extremely significant, probably greater than was the case in the 1970s.

1) In the 1980s the Soviet Union will face a secular decline in the growth rates of its economy in almost all sectors. It can no longer sustain the high growth rates of the past that were based on the established practice of injecting ever-larger quantities of investment capital and labor resources into the economy (i.e., a policy of extensive growth). Even without other negative factors, and assuming no decline in the quality of the traditional Soviet leadership of the economy, the growth of the Soviet gross national product (GNP) in the 1980s will only be approximately 2.5 percent per year.

2) The Soviet economic-political system of management, pricing and incentives is ill prepared to maximize the possibilities for growth from increased productivity of both capital and labor (i.e., intensive growth). The conditions for a relatively rapid change to such intensive growth would require fundamental changes in the economic-political system, changes which are unlikely to be accomplished in the foreseeable future. Among the steps already undertaken by the Soviet government to counteract the trend of declining growth, none will have any major impact on the Soviet economy.

3) The Soviet Union in the 1980s will also face unfavorable demographic trends, such as the very rapid projected decline in the availability of new labor resources. The situation will be further complicated by changes in the composition of the new labor force, which will be overwhelmingly non-Russian.

4) The Soviet Union will face an energy balance that will affect its economic growth unfavorably, particularly with regard to oil. Although the CIA no longer estimates that the U.S.S.R. will be a net oil importer by the mid-1980s and other economists dispute the extent of the projected decline, they agree that Soviet oil

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production will decline. Even if one rejects the worst-case scenarios, which predict oil production capacity at eight million barrels a day, the decrease will be sufficient, it seems, to impose major constraints on the Soviet economy and to limit the Soviets' ability to utilize fully their existing economic capacities.

5) The enormous agricultural investments of the Brezhnev era have produced limited and at best uncertain results. Soviet agriculture in the 1980s will remain a highly volatile sector of the Soviet economy. Moreover, because of the decline in long-term growth in other sectors, the unavoidable agricultural fluctuations will have increasing influence on the size of the Soviet GNP.

There can be little doubt that the Soviet Union will face a difficult economic situation in the 1980s. How difficult it will be is a matter of conjecture. According to the worst-case scenarios, it will be a period of low growth combined with economic stagnation. But even according to the more optimistic scenarios, the Soviet Union will face an economic crunch far more severe than anything it encountered in the 1960s and 1970s.

I must reiterate that the differences between the optimistic and pessimistic scenarios are a matter of great importance; they signify the difference between a difficult situation and a deep crisis. Moreover, choosing the most likely scenario does not depend on a belief in more or less precise and complex computations (or, for a political scientist, on his faith in the skills of one or another group of economic forecasters). It must take into account unpredictable elements, such as vagaries of nature or, equally important, the severity and the effectiveness of the policies adopted by the Soviet leadership to counteract adverse trends. Even assuming that the more optimistic scenario better reflects the reality of the 1980s, what will be the effects of the growing economic difficulties on the Soviet political scene? (Needless to say, those effects will be magnified many times if one of the worst-case scenarios becomes a reality.) The two most important consequences will be a sharply intensified competition for scarce resources among sectors, and an equally intense competition among regions.

IV

Historically, the Soviet political system, in both its micro- and its macroeconomic decision-making levels, has been used to scarcities, shortages and stringencies; dealing with such problems has been its normal modus operandi. Yet it must be remembered that these scarcities, shortages and stringencies have gone hand in hand with a process of highly uneven development, a concomitant

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of rapid overall economic growth. Moreover, during the time of extreme stringencies and particularly sharp one-sided development, the system was guarded by a mass terror apparatus, introduced by Stalin and dismantled by his successors. In the post-Stalin period, the Soviet economy grew at about six percent a year. Relatively high rates of growth, while still sustaining an uneven development, assured the flow of new resources to all sectors of the economy, including those totally neglected during the Stalin era. While accustomed to scarcities, shortages and stringencies, the Soviet political system is not accustomed to dealing with prolonged periods of low overall economic growth.

With regard to the question of how to stimulate higher growth rates and how to overcome critical bottlenecks, the Soviet system is ill prepared to deal with these problems for exactly the same reason that growth has decreased: the decline in the effectiveness—or the exhaustion—of the extensive factors of growth. Its past experience in responding to economic difficulties was based on a mass mobilization of capital and labor—a policy of the hammer-blow, not the scalpel.

On the distributive side of the equation, the Soviet political system, on both the mass and the elite levels, will have difficulty in dealing with prolonged low overall rates of growth. This difficulty arises from three sources: (1) the absence of a paralyzing mass terror which would make all sacrifices and demands palatable; (2) the existence of powerful organizational and pressure groups in the decision-making apparatus, complicating the implementation of cutbacks and restraints; and (3) the emergence of new social constraints against such cutbacks.

The sharply increased sectoral competition for resources and the dilemmas which it will create are not difficult to envisage. The policy of guns, butter and growth that was the political cornerstone of the Brezhnev era is no longer possible. To maintain the rate of growth in military spending at the level of the last decade (around four percent) would necessitate a redirection of resources from other sectors. Yet a number of factors—past Soviet behavior; growing insecurity in the presence of what is perceived as the formation of an alliance of the United States, NATO and China, creating a new specter of encirclement; the growing determination of the United States to change the existing balance of military power; and finally the breakdown of SALT talks—make it highly unlikely that any configuration of Soviet leaders will decide to slow down the growth in military expenditures, let alone cut actual arms spending, without either a major breakthrough in arms talks or a major disavowal of Soviet global ambitions. If

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arms spending continues at the same pace as in the past decade, the burden of keeping the Soviet military juggernaut in shape will be felt to a much greater extent than at any time in the Brezhnev era. It will constitute one of the key contentious issues of internal politics.

Another contentious issue, with an even greater potential for divisiveness, concerns the entire complex of questions connected with the rate of growth and the direction of Soviet non-military investment resources. Throughout their history, the Soviets have persisted in holding the share of investment in the national economy and the levels of investment growth very high. How difficult it is to maintain such high rates of investment under the present circumstances is demonstrated by their recent decline. Yet if ever there was a period when the Soviet Union needed substantial large-scale investment in the national economy, it is now. It is difficult to envisage how the Soviet leadership can reduce the difficulties brought about by the limitations of the existing pattern of extensive growth without keeping the percentage of investment in the economy, and even the growth rate of investments, at high levels.

Intensive growth, given Soviet conditions, requires a thorough modernization of the industrial plant and major investments in new technology. Without a very substantial, persistent, and creditable effort in this direction, there is little chance that any increased productivity of Soviet labor will overcome the downward pull of the exhaustion of the extensive factors of growth.

The energy problem facing the Soviets in the 1980s will demand mammoth and prolonged investments, beyond those which have already begun to be made. The development of the Siberian oil and gas reserves will constitute a new, major—and increasing—burden on Soviet investment resources. Yet it is a burden that the Soviets cannot avoid and can neglect only at their own peril.

The achievements of Soviet agriculture under Brezhnev—the growth in grain production and especially the stress on meat production—were accomplished by an extraordinarily large expenditure of capital. Yet even with these large-scale expenditures, Soviet agricultural productivity has varied from year to year, and the agricultural sector continues to be highly volatile. The Soviets have not yet devised a way to assure even the present inadequate levels of agricultural production without infusions of long-range massive investments. In the coming decade, when the Soviet economy slows down, the divisive pull of conflicting claims concerning investment resources will increase to a level unknown during the Brezhnev era.

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V

One of the most significant accomplishments of the Brezhnev era was the prolonged and substantial growth of Soviet mass consumption. The last 15 years have seen a growth in the standard of living of the Soviet people that was rapid by any—but especially by the Soviet—measure, particularly in the area of durable consumer goods. Especially notable in this achievement was the fact that it occurred simultaneously with the rapid growth of Soviet military power. In other words, the Brezhnev leadership pursued fully both a guns *and* butter policy. The stability of the Brezhnev period in the absence of terror can be explained to a large degree by the leadership's basic ability to satisfy more fully the demands of the Soviet consumer. The Soviet citizen—worker, peasant and professional—has become accustomed in the Brezhnev period to an uninterrupted upward trend in his well-being and more demanding in what he expects from the government in terms of goods and services. In view of the major claims on Soviet resources by other sectors in a period of declining growth, it will be extremely difficult for the Soviet leadership to continue its policy of consumption growth, even at the lower rates of the most recent Five Year Plan announced in February.

It is probable that even without major agricultural disasters or a particularly severe energy crisis, Soviet consumption may stagnate in the 1980s. The consequences of such stagnation are difficult to assess, but they will undeniably be negative. In the first place, it is difficult to see how the crucial goal of spurring Soviet productivity can be attained without an increase in wages and other incentives for the labor force. Second, the stagnation of the standard of living will be felt by the working population at a time when the other basic avenue of betterment, upward mobility, will also show a downward tendency because of a relative decline in expenditures on the educational system. Third and most important, neither the Soviet leaders nor we know how the Soviet industrial working class will react to such changing circumstances. The post-Stalin experience of a society without terror was at the same time the experience of a society with a steadily rising standard of living.

The desire of the Soviet population for a better life has never to our knowledge become unmanageable, has never assumed the form of a revolution or a vicious spiral of rising expectations. The key to Soviet systemic stability was the leadership's successful management of the population's expectations. Yet one should not forget that it was a "management of expectations" that went hand

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in hand with a sometimes rapidly and steadily growing rate of consumption. This growth in consumption may have been a substitute for, and a damper on, growing political expectations.

To what extent the existing police controls and the management of mass expectations can keep the Soviet working class docile during a prolonged stagnation of its living standards is an open question. One has the impression that the specter of the "Polonization" of the Soviet working class is never far from the minds of the Soviet leadership and the elites.

VI

Of course, not only competition for resources among sectors but also competition for specific priorities within sectors will be much sharper in this decade. Specific elite constituencies represent each of these priorities in the national leadership. At the same time, however, the sharply increased competition for resources among and within sectors will be enmeshed in and complicated by a stronger, more tenacious competition for resources among the various regions of the Soviet Union. Such competition was a normal facet of Soviet politics already in the 1970s. Budgetary squabbles and fights concerning plans of development have been well documented. They are certain to increase in the 1980s.

The difficult political decisions regarding the distribution of available resources are complicated by an underlying economic dilemma: the European part of the Soviet Union has a well-developed infrastructure, and investments there would be relatively cheap and would provide a higher return. But at the same time, the European part of the Soviet Union is on the verge of exhausting new labor resources and is poor in natural resources. The Central Asian region has a limited infrastructure, especially in the technological sector. In addition, the claims of Central Asian elites for new resources would probably be fiercely contested by the dominant Slavic elites. Vast portions of Siberia where the natural resources are located offer virtually no labor resources and lack any infrastructure; investments here will be extremely expensive and difficult to manage.

Complicating the situation is the fact that the regional struggle for resources will be conducted during a period of succession in the Soviet leadership. During such periods, the influence and the political clout of provincial and republican elites traditionally increases, and the potential for playing good politics instead of good economics is quite considerable. Regional leaders assumed the role of real king-makers during Khrushchev's rise to power.

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The first and foremost response of Soviet authorities to the difficulties that they face—both the economic difficulties and the volatile political situation—will be to strengthen the authoritarian character of the Soviet party-state. The stress on law and order, social discipline, unswerving loyalty, nationalism, and punitive and restrictive measures against anti-social behavior may become more pronounced than it was in the 1970s. Not surprisingly, the role of the secret and not-so-secret police may increase. When the situation becomes difficult, when no prospects for rapid improvement are in sight, and when a tightening of the belt is in order, the natural response of Soviet leaders—whether old or new—is to tighten the screws of political and social control. The capacity, the potential and the instruments for such policies already exist.

It is an open question whether such policies will suffice to maintain order under conditions of new and prolonged economic stringencies. In my opinion, one may expect an increase in the restlessness of the industrial labor force, and a weakening of the basic stability of the Brezhnev period and the compact between the elites and the workers. After the Soviet population realizes that a prolonged decline in the growth of its living standard is on the way, an increase in labor unrest, work stoppages, industrial demonstrations, and growing communal dissatisfaction are clear possibilities. The degree to which they will occur may have an effect on the allocation policies that the government adopts.

In the new situation, the nationality problem may also become aggravated. This may be the case regardless of the kind of policy which the leadership adopts vis-à-vis the non-Russian regions. The ability of the Soviet leadership in the 1970s to contain the nationality problem was partly related to the fact that the nationality areas enjoyed more rapid growth than the rest of the country, especially in the standard of living and the conditions of the rural sector. If the Party should decide to slow the growth of those regions, under conditions of greater stringency of resources, the relative peace in Soviet relations among the nationalities will be strained.

But in this respect, the leadership's manner of responding to the dilemma posed by the new demographic trend in the growth of Soviet labor resources will be the most important issue on the Soviet agenda concerning the nationality question in the 1980s. The need to exploit the growing non-Slavic—particularly Central Asian—labor resources poses two options for Soviet policymakers: migration of the non-Slavic labor force to the industrial areas, or a dramatic increase in the industrial development of Central Asia.

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Both options carry major destabilizing potential for nationality relations in the U.S.S.R.

In my opinion, the second option is more likely to be adopted. If this is the case, it may produce, in some Central Asian regions, the sort of major social displacement associated with rapid industrialization. It will also involve a rapid and massive influx of Russian bureaucrats into those regions, with all the attendant dissatisfactions and tensions between local, native elites and the newcomers. The non-Russian republics, including those of Central Asia, have only recently developed native administrative and technical cadres that suffice to administer their own affairs without Russian help. Under these conditions, local elites may increasingly assert their own identities and provide difficulties for the central authorities.

The economic realities of the 1980s will sharply strengthen the tendency toward a political climate markedly less benign than that of the 1970s, and will contribute immensely to an environment of sharp competition, confrontation and discord. The virulence of conflict over these economic realities will be intensified to an incalculable degree by the unavoidable onset of yet another unprecedented set of political circumstances—the conjuncture of the replacement of the top leadership and virtually the entire core elite group in the principal hierarchies. Without a doubt, the difficult economic issues will constitute the most important factor in the disputes, conflicts and realignments which will accompany these successions.

VII

The most important stimulus for political change in the Soviet Union in the 1980s may not be the new policy issues but rather the policymaking process itself. Such change will originate in the impending turnover of the leaders and elites, a turnover that will inject a more pronounced element of unpredictability and uncertainty into the overall Soviet political process than is characteristic of its operation in "normal" times.

The consequences for the political system are profound. The chances for deep personal and policy conflicts within the top leadership structure are increased, as are the possibilities for resolving these conflicts in more extreme ways. The tendency toward large-scale personnel changes within the leadership itself and among the top elites and bureaucratic hierarchies is heightened. The period ahead offers a strong potential for destroy-

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ing the bureaucratic inertia of the departed leaders and for halting the unrelieved drift of their policies. It will be a period ripe for ferment; for greater responsiveness, real and anticipated, to broadening political participation; and for opening the political process. In sum, the succession, aside from its own intrinsic importance, will act as a catalyst for pressures and tendencies which already exist within Soviet society but which previously had only limited opportunity for expression and realization.

The 26th Party Congress was the first one in Soviet history at which no changes in the upper echelons of the leadership took place. This Congress made abundantly clear that the destabilizing effects of the inevitable succession may be even stronger than had been envisaged. By failing to prepare in even a rudimentary way for change at the top and directly below the top levels of the leadership, the aged Soviet oligarchs are delegitimizing their own rule and increasing the chances of a disorderly struggle for power and of the emergence of alternative policies when they leave the scene.

The approaching succession is in many respects different from those in the past, and combines a number of characteristics which make it fraught with very important political implications in the 1980s, for better or for worse from the Western point of view. The most important of these characteristics is the fact that it almost inevitably will combine the replacement of the top leader with the replacement of the core leadership group and a large part of the central elite, as well as with the beginning of generational turnover among the Soviet elites. The age configuration of the Soviet leadership and elites is such that, even if the initial interim leadership comes substantially from the old generation, a massive change in personnel will be needed and will be compressed into a relatively short time span.

The fact that such a succession would have an interim character from the start may, and in all probability will, lead to the destabilization of the central policymaking system; such destabilization, in a highly centralized polity such as the Soviet Union, may have very important consequences. It will involve a breakdown of the consensus among the leadership and the elites, the intensification of factional struggles at the top and middle levels of the bureaucracy, possible realignments of existing alliances, the exploitation of policy issues for the accumulation of power by individual leaders and groups, and sharp twists and turns in central policies. Dislocations in the political arena can only be exacerbated by the nature and depth of the economic problems

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which the Soviet Union will face in the 1980s.

This scenario for succession is the most probable one, but we cannot exclude the possibility of another in which no interim leader emerges and the new generation replaces the old on a much more massive scale from the outset. This second scenario appears unlikely, since no leadership and elite is ever ready to liquidate itself, especially in a country like the Soviet Union, where retirement is tantamount to political death. Yet, one may underestimate the degree of frustration and the extent of dissatisfaction in the Central Committee with the way things are going and with the total grip of the old generation over the affairs of state. If a revolt is brewing among the younger members of the Central Committee and if they succeed in speeding Brezhnev's succession, the push toward changes in the Soviet domestic scene and particularly toward economic experimentation and reform would be much stronger and quicker than that envisaged in the first scenario.

What characteristics will distinguish the new generation of leaders who will make their mark on the Soviet political scene during the 1980s? Given the fragmentary evidence at our disposal, we must at the outset underscore the tentativeness of this profile of the post-Stalin generation. But certainly one of the key traits of this generation is that it entered politics immediately after Stalin's death, and therefore did not experience the paralyzing and destructive process of terror which continued to corrode and influence the behavior of earlier generations, despite the renunciation of mass terror as an instrument of rule. Nor does it appreciate from direct involvement—out of its own hide, so to speak—the enormous price paid for Soviet achievement.

Yet one thing seems fairly certain about this new generation. One of its crucial formative political experiences—if not the most crucial—took place during the protracted ferment and shock of Khrushchev's anti-Stalin campaign, a campaign that admitted the monstrosities no one had hitherto dared to name, a campaign that questioned authority and established truths and thereby stimulated critical thought. The post-Stalin generation's entrance into Soviet politics coincided as well with open recognition of the gross inadequacies of Soviet development and the backwardness of Soviet technology and, at the same time, with extravagant predictions of matching Western achievements in the foreseeable future, predictions that collapsed with no little embarrassment.

The new generation is clearly a Soviet generation in its typical and persistent adherence to the cult of the state. One cannot doubt the sincerity of its members' commitment to the basic forms

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of Soviet political organization or their belief that the system is right and proper for the Soviet Union. At the same time, one is not persuaded that they judge this system suitable or desirable for a developed Western society. If they share with their predecessors a devoted patriotism, they tend to exhibit little of their xenophobia and much less of their fear and deeply rooted suspicion of the outside world. Rather, they display a curiosity that surely reflects intense concern with the patent inadequacies in the working of the Soviet system.

Some traits of the new generation may appear contradictory. On the one hand, one detects a sense of security that contrasts with a sense of insecurity—one may say inferiority—of the old generation; yet at the same time their attitude toward the Soviet system is defensive. If they seem to feel stronger, more self-confident, they are at the same time more conscious than their predecessors of the failures, shortcomings and backwardness of the Soviet polity and society and less willing to overlook them. Unlike their predecessors, many of them are more ready to engage outsiders in frank and serious exchanges of opinion.

It is a generation that perceives the inability of the Brezhnev administration in recent years to lay out a direction for Soviet development. It is a generation that deplores the backwardness of Soviet society, the functional deficiencies of the system, and the inability of the present leadership to make progress in rectifying the situation. At the same time it probably stands confident of its own ability to do so. It is a generation that is less likely to accept actual or potential international achievements as substitutes for internal development. It is a generation that may be willing to pay a higher price in terms of political and social change if it is persuaded that such a price would assure substantial improvement in the growth and efficiency of the productive and distributive processes.

Even if our portrait of the new generation of Soviet officials were less provisional and patchy, it would still be presumptuous and unwise to try to deduce from it any specific kinds of anticipated behavior. The formative political experiences to which these officials were exposed and some of the predilections which they display, and which we have tried to identify, suggest only that they might be different as a group from their predecessors in the older generation.

I should like to make one thing clear. I do not expect from the new generation of Soviet Party officials the sort of reformist tendencies advanced by Dubček in Czechoslovakia. Nor do I

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expect them to favor the highly ideological, frantic, campaign-like reforms associated with Khrushchev. At the same time I should not be surprised if they were reform-minded within the limits of the Soviet framework or if they were dissatisfied with the thoroughly conservative attitudes toward innovation which pervade the present Brezhnev administration.

Neither do I suggest that they will be easier to deal with in the international arena. It may well be that they will be less cautious, more prone to take risks than the present leadership, precisely because they have no first-hand experience of the costs of building Soviet might and are used to the Soviet Union's great-power status. I am in no way making a judgment here as to whether the new generation of Soviet officials is better or worse from the standpoint of our value system and our interests. I only suggest that the new generation seems to be different from the old.

The West will have to deal in the 1980s, perhaps even in the very near future, with new Soviet leaders who have limited knowledge of international relations and who will have to learn on the job. Their presence in the top Soviet leadership, the entire process of succession, and the confrontational politics that the succession and the difficult economic situation will introduce into elite politics, will contribute to increased volatility in international politics and will make the uncertainty we face even more pronounced.

I have no doubt that with the new generation in positions of power a major effort will be made by the Soviet leadership to reform the antiquated economic system that is no longer able to deal with new priorities and demands. Yet I remain skeptical whether the Soviet Union will succeed in a wholesale revamping of its economic system, even with a new generation of leaders in office. The obstacles to restructuring the Soviet system of management and planning are formidable indeed, and their cumulative effect stultifying with regard to prospects for change.

VIII

The interaction of Soviet domestic political and economic developments in the 1980s will yield a number of consequences for Soviet international behavior that might have important international repercussions.

First, clearly contradictory domestic pressures will affect Soviet military policy, especially the growth of military expenditures. On the one hand, certain pressures will work to continue expanding

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Soviet military might regardless of cost. As achievement in other fields declines, the military might could well become to an even greater extent the showcase of the state's success and glory. Moreover, military power will remain for a long time to come the dominant foreign policy resource of the Soviet Union. High military spending will in all likelihood be assured both by the momentum of the already planned military buildup and by the greater political weight of the military establishment as the potential ally of contending groups in periods of succession and interim leadership.

On the other hand, certain pressures will work to limit military growth and to make the leadership more willing to entertain timely and realistic Western proposals for arms limitations and reductions. As growth declines and resources become increasingly scarce, the costs of a continuing military buildup at the rates of the past decade will burden the Soviet economy and polity more greatly than at any time during the 1970s. Sectors of the leadership and elite groups competing for resources may press to cut the military budget, a decision that has been unacceptable since the early 1960s. The Soviet military-industrial complex does not enjoy the same close ties with the incoming generation of Soviet elites that bound it to elites of the Brezhnev period, for the new men have made their careers for the most part in civilian sectors.

But even if this symbiotic relationship between the political and military leadership threatens to weaken or break down, one should not doubt that a military buildup regardless of cost and sacrifice will meet any perceived danger to the basic security interests of the Soviet Union or to the hard-won parity with the West. This is why those American politicians and analysts who promote regained military superiority over the Soviet Union cannot hope to see their goal realized. Nevertheless, in the difficult and volatile political and economic environment of the 1980s, the new Soviet leaders, unlike their counterparts in the 1970s, may well refuse to accept the demands for a continuous military buildup as an automatic response, indeed almost a conditioned reflex. Of course, much will depend on the conduct of American leaders, who must steer the difficult course between the unquestionable need to safeguard American strengths and interests and the no less important need to appreciate new Soviet dilemmas and avoid belligerent actions.

A second consequence of domestic developments for international policy concerns the new economic grounds for Soviet expansionism and international aggressiveness that have hitherto

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been rooted entirely in political and strategic impulses. Political and strategic motives will almost certainly continue to feed the Soviet quest for greater influence and power in the international arena. In terms of global interests, the Soviet Union is, after all, still a young and expanding power, fighting for its place in the sun. To this already potent challenge to the West in the next decade, however, one must add the disquieting prospect that a new economic rationale may soon join the traditional spurs to Soviet expansion.

Soviet economic and political difficulties suggest two principal motives and targets for expansion. The first and more obvious is the attempt to alleviate domestic oil deficiencies by movement in the Persian Gulf area. I do not at all suggest an inevitable Soviet invasion of Iran, for in the present circumstances such an adventure seems almost out of the question. Circumstances do change, however, and in the long run a Soviet effort to secure Iranian oil cannot be excluded. Much will depend on the unpredictable course of Iran's revolution, still only in its initial stages. Should irredentist pressures within Iran lead to a disintegration of the country and its central government, for example, or should leftist forces sympathetic to the Soviet Union assume an important voice in the revolution, then Soviet leaders would be tempted to intervene, their decision reinforced by their own economic and political difficulties.

Of course, Soviet foreign policy may pursue other solutions to its energy problem apart from expansion into oil-rich regions. A much more likely development might involve the negotiation of barter agreements for the purchase of oil by means of overtures to friendly Arab regimes (e.g., Iraq and Libya) and intimidation of conservative regimes (e.g., Saudi Arabia). If successful—and they might well be—such agreements would be clearly political in nature, since any civilian goods involved in the barter would not be competitive on the world market.

The second motive for Soviet expansion is less obvious but may become more important in the 1980s: the desire to secure high technology on favorable terms for the Soviet economy may tempt the Soviet Union to exercise increasing political pressure on Western Europe. The Soviets will in all probability need even more Western technology, know-how and especially credits in the 1980s. The pattern of recent Soviet-American relations suggests scant likelihood that the United States will serve as a key partner in mutual economic enterprises. The economic role of Western Europe for the Soviet Union, on the other hand, will probably

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increase substantially, both as a trading partner and a source of credit. Soviet foreign policy in the 1980s will probably try to serve economic as well as political interests by decoupling the détente with the United States from that with its Western allies.

Western Europe's mood today—and it will probably remain so for the next decade—is such that, despite growing signs of Soviet expansionist ambitions, the political classes are determined to have détente with the Soviet Union at almost any price, even without meaningful Soviet concessions on military matters and without a change in the direction of the military balance in Europe itself. This seems to be particularly true for the most influential European country, West Germany. In an effort to improve economic relations with Western Europe and to split further the Western alliance, the Soviets may adopt a tactic of taking a hard position against the United States regarding strategic global military and political matters for which the Europeans have little concern, while at the same time exhibiting a concessionary attitude on European questions.

At the same time, the Soviet policy of offering carrots may not preclude a simultaneous policy of using sticks. The Soviets cannot help but notice that the European attitude toward increasing Soviet military power is rather conciliatory and that European resistance to Soviet political pressures is weaker than ever before. In any case, one can expect political and economic pressures to be increasingly concentrated on the European theater and on compelling expanded economic relations with Western Europe.

Third, the political and economic situation of the Soviet Union may significantly affect Eastern Europe in the 1980s. While the Soviet Union remains unshakably committed to controlling its East European empire, increasingly it will be forced, owing to economic difficulties, to maintain its domination by intimidation and the threat to use force. Given the projected decline of economic muscle available to hold Eastern Europe, a situation will develop in the next decade where most East European countries will remain *politically* dependent on the Soviet Union but will become *economically* more dependent on the West.

A crucial question here is the degree to which the Soviets will have to cut oil deliveries to Eastern Europe and allow the East European nations to compete for available oil resources on the international market. Ill-prepared for such competition, the East European countries have very limited exportable resources and hard-currency reserves. Even a partial cutoff of Soviet oil deliveries could undercut the already precarious economic situation of many

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East European countries, particularly Poland. Serious economic difficulties in Eastern Europe have a way of translating into social and political unrest and internal destabilization, to which the Soviets are very sensitive. Until now, fortune has favored the Soviet Union in its dealings with the empire. Revolts, rebellions, unrest, and reform movements have almost always erupted in one satellite country at a time. The coming decade may well bring the coincidence of outbursts among increasingly restive elites and populations in several East European countries at the same time.

A fourth area where domestic developments might influence foreign policy relates to the extension of foreign trade, the infusion of advanced foreign technology, and the attendant questions of credits, foreign indebtedness and cooperative arrangements. These matters will acquire an importance for the Soviet leadership surpassing even that of the 1970s. Do Soviet leaders regard the infusion of foreign technology and economic cooperation with advanced Western nations as a temporary affair or a long-term commitment? The answer cannot be given a priori, for it depends partly on Soviet ability to arrest the decline in productive growth with domestic resources—a very unlikely prospect even with major economic reforms—and partly on the reliability and cost of Western policies and cooperative arrangements.

The importance of foreign technology for the Soviet leadership goes beyond its intrinsic worth to the largely misguided belief that technological imports will diffuse throughout the economy and significantly stimulate Soviet domestic technological progress without major reforms. The need for foreign technology and know-how, and especially the much greater need for credit arrangements in the difficult decade ahead, are not sufficient or overriding factors in the determination of future Soviet foreign policy. Such needs, however, through the working of the domestic political process, will exert additional pressure to restore détente with the United States and to preserve and enlarge by means of both intimidation and concession the economic relations with American and European allies.

Fifth, foreign adventurism may prove a consequence of the struggle for the top leadership position under conditions of economic stringency and the efforts of the first victorious contender to solidify his position. Contenders for top leadership almost always advance programs on which alliances within the Politburo and among various elite groups can be built. On the road to power, such programs and alliances often prove transitory and tactical in nature. In the long term, no leader can hope to gain

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and hold power without formulating and implementing major solutions to the country's serious economic difficulties. At a time when few reserves are available for either long-range improvement of the economic situation or for quick and flashy economic fixes, exploitation of a timely opportunity for foreign adventure can rally allies to a leader eager to show his mettle. Such a prospect becomes all the more likely as contenders in the succession struggle compete for the support of one key group, the military establishment.

Sixth, the international climate may well be affected by increased use of coercive means to resolve domestic political and economic problems. As we have seen, in the 1980s Soviet leaders will need to find ways to counteract the effects of a decline in growth and possible stagnation in the standard of living, to alleviate frictions that develop among elites, to justify greater demands for sacrifice, and to mobilize the population for greater productivity. In all probability they will resort to coercion in a less restrained manner than their predecessors in the 1970s. It is even highly probable that in the political mood of the 1980s the Soviet leaders will try to increase persuasive, normative efforts for the purpose of mobilizing the population and promoting sacrifice. One such effort might seek to recreate the atmosphere of a besieged fortress, to rally around the theme of external enemies, and to foster public xenophobia. The harsh conditions and demands that will prevail in the Soviet Union during the next decade are not conducive to the mood of détente. While the need for an "external enemies" syndrome may not prevent the restoration of some sort of détente, given the presence of countervailing pressures, I think it will be an important factor in determining Soviet international behavior, particularly in relations with the United States and China.

Each period of Soviet history and each decade of Soviet development brings before Soviet leaders new dilemmas and choices. The dilemmas and choices of the 1980s are harsher and more difficult than any faced by Soviet leaders since Stalin died. In all areas of domestic, military and foreign policy, the Soviet Union stands at a crossroads no less significant than that at the end of the New Economic Policy in the late 1920s and at the death of Stalin in 1953. As yet, Soviet policy is moving in accordance with the legacy of inertia of the 1970s. We may expect, however, that this inertia will be interrupted in the 1980s, and that a new Soviet policy will start to emerge.

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Henry Trofimenko

THE THIRD WORLD AND THE U.S.–SOVIET COMPETITION: A SOVIET VIEW

The overdramatized political and diplomatic reaction of Washington to the military aid which the U.S.S.R. and Cuba have given to Angola and Ethiopia and, in recent times, to the aid which the U.S.S.R. has offered Afghanistan, has been one of the major factors clouding Soviet-American relations in the last few years. Alluding not only to these events but also to the general support and assistance which the Soviet Union and other socialist countries have been giving the Third World movements for national and social liberation, the American press has been claiming for years that while the United States and the Soviet Union seem to have agreed on stabilizing the world situation, the Soviet Union has been destabilizing it by its actions. In point of fact, the charge that the Soviet Union has "broken the rules of détente" in the developing world has been one of the main pretexts used by the Ford and Carter Administrations in domestic debates to try to justify their own abandonment of the policy of détente.

Whatever the American leadership may do to shun this policy, neither of our two nations will ever escape to another planet. As Henry Kissinger rightly remarked once, we are doomed to coexist. And whether we like it or not, the problem of the developing nations will remain one of the major irritants (not tranquilizers) in Soviet-American relations, for the development of emergent nations is taking place in the context of an intense confrontation of the two world social systems.

This confrontation cannot fail to have a profound impact on the course of events in these countries. Therefore, to prevent these events leading to an unwanted crisis or conflict, it is necessary to have at least a modicum of understanding of the policy and the position of each side, as well as of the very problem of the developing nations in the modern world.

Henry (Genrikh Alexandrovich) Trofimenko heads the department for the study of U.S. foreign policy in the Institute of U.S. and Canadian Studies of the Academy of Sciences of the U.S.S.R. He is the author of a number of books and numerous articles on U.S. foreign policy and on Soviet-American relations.

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Without in any way aspiring to convert the readers of this journal, I should like to present a view of the processes occurring in the developing world today, and of the Soviet and American roles in these processes—a view which is somewhat different from the one currently popular in the American press.

II

Everybody, including the members of the new American Administration, agrees that the present situation in the developing world is one of turmoil and tension. Zbigniew Brzezinski, with his unmatched ability to make theoretical discoveries out of the obvious, has invented an "arc of crisis" without ever understanding that the arc he has drawn from Bangladesh to Aden is nothing other than an element of the general geographic layout of developing countries. They form a crescent fringing two oceans—the Indian and the Pacific—and there is no less instability in its eastern sector (South and Central America) than in its western part.

As to the causes behind the instability, opinions differ. Many American theorists consider it to be principally due to the chaos and disorder engendered by the process of adjustment of the emergent nations to world realities, to the pains of growth, as well as to the "subversive activity" of socialist states to a greater or lesser degree (depending on the degree of the expert's anti-communism).

The Marxist explanation of the reasons for this instability is different. There is, to start with, a process of anti-neocolonialist revolution and an aspiration in most of the developing nations to gain economic as well as political independence. This is the second stage of the process of national and social-economic liberation from external dependence.

The first stage of this gigantic worldwide process, which can be described as the most important social and historical event of the latter half of the twentieth century, was the anticolonial revolution which unfolded in the Third World after World War II. The United States, as a nation which had no colonies to speak of, gradually accepted the trend for change: as a rule, it sought to dissociate itself from the old colonial powers and to take up the stand either of a well-wishing observer or one actively sympathizing with the national liberation movements. While taking up this stand the United States was actively capitalizing on its image as a power which had paved the way to liberation from colonialism through revolution.

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While acting with relative caution with regard to the old colonial powers of Western Europe, the United States managed in the end to "intercept revolutions," that is, to fill, by its economic and, partly, military power, the "power vacuum" which, as John Foster Dulles put it, had appeared because of the breakup of colonial empires and the departure of the colonial powers. It was all the easier for the United States to do so because the emerging nations often regarded cementing their links with the United States as a way of casting off the economic fetters imposed by old colonialists, and as a way of obtaining the capital they needed for their development.

Direct U.S. private investment in developing countries, from 1945 to 1980, increased ten-fold, from four to 40 billion dollars, while U.S. economic and military aid to those countries amounted to about 200 billion dollars during the same period. But these figures do not express the full extent of U.S. infiltration into developing countries after World War II. Countless less conspicuous instruments of influence, from banking credits and managerial assistance all the way to the Peace Corps and aid in infrastructural development of backward nations, have all had their effect, in a stupendous reinforcement of the U.S. position in the Third World. By replacing the bullets of European colonialism with the dollars of neocolonialism, the United States has become virtually the supreme master in the vast zone of developing countries, the nation dictating to most of these nominally independent countries what economic and, consequently, political course (including that in foreign affairs) they must pursue.

However, while acting with a measure of flexibility and caution in many regions of the Third World, in Indochina from the 1950s onward the United States plunged first indirectly and then directly into a typical colonialist war. True, in the perception of American leaders that was not a colonial war, but something like a war of liberation against communism, necessitated by "geopolitical considerations." It was all the easier for them to present the war in Vietnam as one against communism because the national liberation and the communist movements in Vietnam were indeed merged: it was the communists who led the struggle for national liberation.

However, what the United States waged in Vietnam was not a purely local war. It set its sights higher. President John F. Kennedy, disappointed over the abortive operation in the Bay of Pigs, was staging in Vietnam what he actually intended as a large-scale experiment. He decided, as Walter Lippmann once aptly re-

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marked, "to save the world from revolutionary wars"—to prove that if these wars broke out without U.S. sanction and contrary to its will, they were doomed to failure. Presidents Johnson and Nixon both carried on that experiment, designed, in their opinion, to teach a lesson once and for all to the national liberation movements around the world and to "world communism" as well.

Therefore, the failure of the American "lesson" in Vietnam had global, not just local, repercussions. The people of the developing countries, craving to get rid of U.S. neocolonialist domination but fearing to do so because of American might, learned from the example of Vietnam that the United States, even if it were not a paper tiger, was, in any event, a creature one could cope with.

At the Sixth Special Session of the U.N. General Assembly in April 1974, a group of 77 developing nations, which had sprung up earlier on, put forward the demand for a new world economic order—in other words, for new, equal economic relations between the industrial capitalist North and the developing South. A wave of nationalization of foreign, above all American, corporate property swept across the whole of the arc of the developing countries—from Chile at one end to Madagascar at the other. It enveloped over 40 countries of Latin America, Asia, the Arab world and Africa. This nationalization wave was directed toward reestablishing these countries' control over their own natural resources. In 1973 the Arab member countries of OPEC (the Organization of Petroleum Exporting Countries) used the oil weapon for the first time in the struggle for their rights. Following the overthrow of the pro-American regime in South Vietnam there have been revolutionary changes in Laos, Ethiopia, Afghanistan, Iran and Nicaragua.

One can well presume theoretically that but for the American failure in Vietnam, the process of anti-American revolutions in the zone of developing countries would have been somewhat postponed. As it was, however, it was the United States itself that expedited the breakup of an unofficial American empire. So it has nobody but itself and nothing but its own policy to blame.

III

Washington's first reaction to the fiasco in Vietnam was a desire to get out of the war without losing face. President Nixon was prepared to pay a high price in order to achieve this (and thus assure his reelection to a second term).

With the publication of Nixon's and Kissinger's memoirs it has now become clear that the Nixon Administration at first regarded

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détente primarily as a means of cushioning the shock of a major foreign policy setback and winning a respite both in the international arena and on the home scene—in the face of powerful opposition to its course from the Left—by improving relations with the U.S.S.R. and China. As a matter of fact, such egotism and petty scheming in the approach to détente by its architects on the American side were embryonic of many of the subsequent complications in Soviet-American relations.

It was not Nixon's specific logic but the wider, social logic of détente—its successful initial dynamic and the mass support for the normalization of American-Soviet relations in the United States and all over the globe—that made the then Republican leadership in Washington revise its narrow view of détente, and approach it as a possible way of stabilizing Soviet-American relations on a long-term and sound basis. This is, in my view, what explains the sudden display of realism by the Nixon Administration—realism which was stimulated by the success of the first Soviet-American agreements, in particular the one on the basic principles of relations between the two countries and the first agreements on the limitation of strategic arms, SALT I, signed in Moscow in May 1972.

Nonetheless, the self-centered inner logic of the leaders in Washington, bent on establishing hegemony over others, manifested itself. They saw the further expansion and deepening of détente not along the line of equitable agreements based on mutually acceptable compromises, but rather in attempts to wrest from the Soviet Union greater concessions than those envisaged by the initial Soviet-American understanding and prompted by the true state of affairs. There was also the U.S. Administration's failure to honor its own share of the bargain, for instance in the Soviet-American trade agreement. Going beyond the limits of the package deal, the American leaders attempted in addition to extract from the U.S.S.R. foreign policy obligations which it could undertake neither on principle nor physically, if you will: the Soviet Union was asked to give a "guarantee" of the sociopolitical status quo in developing regions.

The logic behind such an approach on the part of the Administration and, subsequently, the entire American establishment was evidently as follows: The SALT I agreements formally codified the status quo in the Soviet-American strategic balance. The United States agreed to such a codification of the strategic parity in treaty form as a gesture of goodwill—retaining, however, a reserve for surpassing the U.S.S.R. And, Washington reasoned,

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the Soviet Union was bound to "reciprocate" by the obligation to support the sociopolitical status quo in the Third World. As Henry Kissinger has put it, more subtly: "In our minds efforts to reduce the danger of nuclear war by the control of arms had to be linked to an end of the constant Soviet pressure against the global balance of power."[1]

Inasmuch as the status quo in the Third World is mostly pro-American, as a consequence of U.S. economic domination, such an understanding wholly suited the United States. This was all the more so since, in the sphere of strategic armaments, Washington clearly also hoped to use the SALT process to "adjust" the balance in its favor by maintaining its lead in the qualitative perfection of these arms.

It is difficult to say now what gave the American leaders grounds to hope for such a linkage, which is out of the question from our point of view. Perhaps one of the reasons was Kissinger's *idée fixe* that the U.S.S.R. allegedly was no longer a revolutionary state and that it had "reached its Thermidor." Another probable explanation is that, contrary to stark facts and America's own experience (which refutes the primitive stereotype of ferment in the Third World as being inspired from the outside), American leaders and theorists nevertheless do want to believe in the idea of an "external communist push." This frees them from the need to look for the true causes of this ferment closer to American shores. Finally, due to their pragmatic mentality, American leaders cannot but think in the categories of a bargain, of "give and take" logic which tells them that inasmuch as the Soviets "by definition" are "responsible for troubles in the Third World," they can put an end to those troubles as their part of the "deal of détente."

Whatever the reasons for such an approach, it has been untenable from the very beginning. Even if it is assumed that certain agreements between great powers on the stabilization of the status quo in the zone of developing countries could take place, these would be eventually undone by the natural course of events, because change in the Third World—or "instability" in the parlance of American politicians—stems from the striving of peoples for economic and social liberation from the sway of American and other transnational corporations and other forms of dependence. Due to their objective character these processes are beyond the control of either the Soviet Union or the United States. If the U.S.S.R. has anything to do with the generation of

[1] Henry Kissinger, *White House Years*, Boston: Little, Brown and Co., 1979, p. 1250.

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these movements, it is only by the force of its example as a country which freed itself, in 1917, from neocolonialist exploitation by foreign capital, nationalized foreign property, and achieved impressive economic progress without outside aid.

With a view to precluding any American illusions that the SALT agreements could be exchanged for Soviet "guarantees of stability" in the Third World, the Soviet leaders stressed in the most unambiguous terms during their very first meeting with the U.S. President in Moscow in May 1972 that they did not sit down at the negotiating table with him in order to decide questions concerning other peoples and countries. They also made clear that, while concluding agreements on the normalization of relations with the United States, the Soviet Union nonetheless would continue to support the struggle of the peoples for their social and national liberation. This idea has subsequently been reiterated in public statements by Soviet leaders and in documents of the Soviet government.

IV

American leaders pictured a deal along the lines of: We give you the status quo in strategic arms, and you give us the status quo in the Third World. When this did not materialize, they began to try other approaches, so as to enlist the Soviet Union in solving the problems of social and political stabilization in the zone of the developing countries. Two approaches gradually crystallized.

One of them could be called the approach of the large international American banks. Essentially they urged attempts to interest the Soviet Union economically in the status quo in the Third World. To this end they recommended that the U.S.S.R. be enlisted in the realization, together with the United States, of various joint economic ventures there. Should the U.S.S.R. take the bait of joint activity with a wealthy and efficient partner, argued the proponents of this approach, the problem of maintaining the status quo in the developing countries would be solved: the U.S.S.R. will, for the sake of its commercial interests, "contain the leftists" while we—Americans—will support the moderates, sometimes bringing to heel the ultrarightists, and this will clinch it all!

A broader and more recent variety of this approach was the idea of getting the U.S.S.R. into the North-South dialogue as one of the representatives of the "Northern club." Actually it was intended, by appealing to the great-power economic interests of

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the U.S.S.R., to discredit it by this very same great-powerism, to erase the distinction between the U.S.S.R. as a state bearing no responsibility for the colonial and post-colonial economic plunder of the developing world and those industrial Western nations that do bear such responsibility. That explains why this approach was doomed to failure from the outset. The U.S.S.R. will never agree to participate in undertakings directed at replacing some forms of neocolonial dependence of the developing countries with others. Yet this is exactly what is still the main objective of the United States and its Western partners in the North-South dialogue, whatever highfalutin declarations about "interdependence" are used to couch their proposals.

The mid-1970s saw the collapse of the last major colonial empire—that of Portugal. The Soviet Union, in line with its principled and long-standing position of supporting the real anti-colonial revolutionary movement in Angola—the MPLA party led by Agostinho Neto—continued together with Cuba to help the MPLA consolidate its power in the country. The U.S. Congress, meanwhile, remembering the lessons of Vietnam and taking the position of Black Africa into account, decided to halt support to the other Angolan movements, FNLA and UNITA, correctly judging that these CIA-subsidized terrorist organizations had no chance of coming to power even with American backing.

Worried by Washington's inability to do anything practical in Angola to create a pro-American regime there, then Secretary of State Kissinger made up his mind to try a different approach for the sake of the same old "stabilization": to reach agreement with the U.S.S.R. on a division of spheres of influence. Kissinger's new approach was, by officially recognizing Eastern Europe as the sphere of influence of the Soviet Union, to try to confirm Western Europe, Africa and Latin America as the indisputable sphere of influence of the United States. Only thus could one assess the so-called Sonnenfeldt Doctrine, formulated by Mr. Kissinger's close associate in December 1975 at a special meeting in London of American diplomats and immediately (though clearly not unknowingly to the architects of the doctrine) leaked to the press.

In response to this kind of great-power maneuver, Moscow unambiguously made clear to Washington that no ideas regarding the division of the world into spheres of influence could be acceptable to the U.S.S.R. It was also authoritatively stated that, as always, the Soviet Union would identify itself with the struggle of the peoples for their national and social liberation, and would continue to give support to developing countries in their efforts to

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consolidate their independence.

In 1977 a new, third approach of Washington to the same problem took shape, the approach of Mr. Brzezinski. Describing the previous U.S. approach of stabilizing the situation in the Third World as dictated by historical pessimism, Brzezinski suggested his own "optimistic" approach. His optimism lay in the assertion that the United States should ignore the U.S.S.R. and its interests altogether. The Soviet Union, declared Brzezinski, should be entirely removed from the solution of problems concerning the developing countries. These problems should be solved through the collective power of a united Western world ("trilateralism"), laying down tough conditions for the developing countries.

For the Soviet Union the question was formulated even more toughly: "We are challenging the Soviets," declared Mr. Brzezinski, "to cooperate with us [i.e., to join cooperation with the South according to the rules of the game imposed on the latter by the capitalist North] or run the risk of becoming historically irrelevant to the great issues of our time."[2] In other words, history temporarily found itself in the hands of the presidential adviser, who, like the well-known character of Russian satirical literature who gave an order to "close America," threatened to exclude a country of 260 million people from participation in the historical process! (I should add that in examining the causes of the sharp worsening of Soviet-American relations at the end of the 1970s, American analysts somehow tend to overlook the impact of this "diplomatic" style of the Carter Administration on the course of the bilateral dialogue.)

The White House under Carter did indeed rhetorically "exclude" the Soviet Union from American foreign policy. Paradoxically, this dramatic "exclusion" yielded the opposite result. Washington's entire foreign policy proved in the end to be subordinated to just one all-embracing idea: how to undercut the Soviet Union, how to make its life more difficult, how to pit the U.S.S.R. against Western Europe, the U.S.S.R. against the developing countries, and so forth. This maniacal idea of "excluding" the U.S.S.R. whenever possible led to the advancement of another "bold" idea of Mr. Brzezinski—a proposal that the United States of America should engage itself in the process of change in the developing countries in order to shape and direct it. In other words, the question was again of "excluding" the Soviet Union as an alter-

[2] "The New Challenge to Russia," *U.S. News and World Report*, May 30, 1977, p. 35.

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native source of support for Third World countries embarking on the path of radical transformations.

But to have your cake and eat it too—to try to perpetuate a pro-American status quo in the Third World while scaring the American man in the street with an "arc of instability," and simultaneously to direct a process of change the essence of which is to destroy this status quo—proved an impossible task. When the revolution in Iran brought the very first touch with real changes (and not "changes" à la Sadat, aimed at restoring the prerevolutionary status quo), the instinctive reaction of Mr. Brzezinski, as the then U.S. Ambassador to Iran, William Sullivan, attests, was a call to the Shah and later to the military to suppress the revolution.[3]

It is as a result of the Iranian experience that the Carter Doctrine came into being, which the President himself hypocritically tried to explain by the "lesson of Afghanistan." Yet actually it all stemmed from the sad Iranian experience for the United States, because the Carter Doctrine represented an attempt to "protect the status quo against internal upheavals or intraregional attacks."[4] In other words, having come full circle, the policy of the White House returned from "controlling the process of change" to the traditional line of resisting change with the help of military force, for which appropriate instruments are being created in the shape of a Rapid Deployment Force and so on.

The renewed U.S. emphasis on the instruments of military power not only frightened many developing countries, but also contradicted President Carter's initial conception of reconstructing relations with the South on the basis of a reform of economic relations within the framework of the continued dialogue on the New International Economic Order (NIEO). As a result, North-South negotiations on the NIEO landed at an impasse, and the Third World showed increasing resistance to a U.S. policy aimed at restricting the scope of maneuver for developing states. And this can be traced in a great number of recent examples—from the positions Islamabad and Riyadh took toward the United States, to the reaction of Latin American states to American military assistance to the Salvadoran junta. All those states that in the White House schema were to be the key strongpoints for U.S. policy in the Third World—the "new influentials" like India,

[3] William H. Sullivan, "Dateline Iran: The Road Not Taken," *Foreign Policy*, Fall 1980, pp. 175–86.

[4] Walter J. Levy, "Oil and the Decline of the West," *Foreign Affairs*, Summer 1980, p. 1010.

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Indonesia, Algeria, Nigeria, Mexico, Brazil and Argentina—proved to be in opposition to U.S. policy.

The strengthening of the elements of negativism and great-power self-interest in U.S. policy concerning developing countries did not escape the attention of Washington's closest allies among the industrial nations of the world, either. Both the West European countries and Japan were seriously alarmed by Carter's line. For this reason, in the last few years these countries have assiduously, albeit cautiously, been putting forward their own alternatives to the American policy toward developing states. Evidence of this are such diverse initiatives as the Fukuda Doctrine (recently reaffirmed by Premier Zenko Suzuki) to provide economic aid to developing nations in Southeast Asia, the Middle East initiative of the European Common Market countries to involve the Palestinians in the settlement of the Arab-Israeli dispute, the latest initiatives of Canadian Prime Minister Trudeau and even, if you like, the work of the Brandt Commission itself on North-South relations.

For all the differences in these approaches, they are united by the search for and advancement of an alternative to Washington's policy, and by continued emphasis on the solution of the problems between the North and the South by economic and political means. Just as the United States once used the crisis of colonialism to improve its positions in the Third World at the expense of its West European allies and Japan, so the latter are now seeking to use the crisis of U.S. neocolonialism in order to try and regain some of their lost ground, taking advantage of the political and economic leverage that takes the negative aspects of America's experience into account.

V

The refusal of the Carter Administration to carry on a constructive American-Soviet dialogue (except in the sphere of strategic armaments); the theoretical ranking of relationships with the U.S.S.R. as almost the last among the American foreign policy priorities; the effort to remove the Soviet Union from peaceful settlement of conflict situations even in regions that lie in the immediate vicinity of its borders (recall the fate of the Joint Soviet-American Statement on the Middle East issued on October 2, 1977); the intensified buildup of the U.S. naval presence near the U.S.S.R.'s southern borders; the dragging on of the SALT II ratification, which was accompanied by an active drive to modernize American strategic weapons and NATO armaments; and

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finally the use of the "China card" in the attempt to bring pressure to bear on the U.S.S.R.—all these actions could not but affect Soviet assessments of the strategic situation. That is why the introduction of a limited Soviet troop contingent into Afghanistan in December 1979 should be considered not only in the context of Soviet aid to the revolutionary regime in that country at the latter's request, but also in a broader geopolitical context, taking into account corresponding military moves by the United States and China.

It goes without saying that Washington's new emphasis on military force—and all those actions which Moscow could not define as anything but the striving of the United States to overcome the American-Soviet parity in strategic armaments by establishing regional military superiority—have aggravated American-Soviet relations. This, in turn, could not but influence the situation in the regions of developing countries. Tension increased as a result of the escalation of U.S. military activity in the Indian Ocean and the Far and Middle East, and because of the intensification of American attempts to prevent by force of arms any changes in the socioeconomic status quo in the regions which Washington has announced to be areas of its "vital interests."

The American mass media have presented all these U.S. actions as a response to a "Soviet military challenge." Meanwhile, the Soviet Union has not posed any military challenge to the United States in the zone of developing countries. Rather, the process taking place there reflects the competition between two social systems, for the U.S.S.R. and the United States of America represent alternative models of social and economic development. In the post-colonial world of the developing countries, which is mostly filled with American economic and military might, any attempt to get free from the American embrace inevitably means turning for aid and support (as a minimum, moral support) to the side which is the alternative to the United States. The Soviet Union—and in a broader context, the community of socialist nations as a whole—is precisely such a side.

The ruling parties and leaders in many developing countries are attracted by the socialist methods of management based on democratic centralism, by the state-run system of the utilization of resources on the principle of centralized planning, by agricultural cooperation, an efficient approach to the solution of the nationalities question and many other features of Soviet experience. This is recognized even by those American theorists who hold obviously anti-Soviet views. Thus, Zbigniew Brzezinski said,

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for example: "For many of the developing countries undergoing very rapid change Marxism, Communism, offer what appears to them a relevant intellectual framework."[5]

What is more, contrary to the exaggerations spread in the West, the Soviet military presence in the regions of developing countries (in the form of military advisers) is maintained in a very few countries and is limited to a small number of servicemen (with the exception of the temporary presence of Soviet troops in Afghanistan, which has been caused by extraordinary circumstances). Also, a Soviet military presence is not the main component of the Soviet policy of aid and support with respect to developing countries. The pivot of Soviet aid policy is assistance to the countries which appeal to the Soviet Union in making their industries and agriculture work, organizing economic management, and developing their culture, health care and education.

At present, the Soviet Union cooperates with almost 70 developing countries in the economic, scientific and technological fields on the basis of intergovernmental agreements. The U.S.S.R. is helping these countries in the construction and expansion of 1,050 industrial and other national projects. The means provided by the U.S.S.R. are mostly channeled into the development of industry and power engineering. Between 1960 and 1977, the Soviet exports of complete sets of equipment to the developing countries increased nearly nine-fold—from 64 to 560 million rubles.[6] As a result, the enterprises built with Soviet assistance account for over 40 percent of pig iron and approximately 30 percent of steel production in Afro-Asian countries. Thus, the economic aid of the Soviet Union facilitates the creation of the economic foundation for the independent development of newly free nations and consolidates their positions in the battle against American and other transnational corporations.

In short, representing the competing social systems, the U.S.S.R. and the United States are, as a rule, at opposite poles in their relations with developing countries, which is due to their systemic or class solidarity, and this process tends to grow more acute, rather than smooth out. A number of circumstances precondition this sharpening.

First, with the growth of the economic might of the U.S.S.R., its capacity to give economic, scientific and technological aid to developing countries is increasing. Those in the West who now

[5] *The Washington Post*, October 10, 1977.

[6] K.N. Brutents, *Newly Free Countries in the 1970s*, Moscow: Politizdat Publishers, 1979, p. 135.

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accuse the Soviet Union of insufficient assistance to the Third World inwardly fear, I am sure, precisely the growth of this assistance, along with the buildup of the U.S.S.R.'s economic potential. Furthermore, Soviet aid has no neocolonialist strings attached, as is usually the case with the economic assistance of industrialized Western states. As to the Soviet Union's possibilities of helping newly free countries in strengthening their defenses, they are growing, too, in an analogous manner.

The massive transfers of Soviet military hardware at the most generous financial terms and the assistance rendered by Soviet military specialists helped to build up the impressive military potential of Egypt and Syria that made it possible for them to counter Israeli military force with their own. After the 1973 war in the Middle East, Soviet military aid helped to compensate for wartime losses of the Arabs and also to build up Iraq's defenses. Soviet military assistance to the liberation movements of such countries as Guinea-Bissau, Mozambique and Angola helped the people of those countries to win battles against the Portuguese colonialists, thus bringing closer the arrival of their freedom. Military supplies by the U.S.S.R. played an important part in building up the defense potential of India. Generally speaking, Soviet military aid to the many newly free countries of Asia and Africa contributes to strengthening their capability to thwart outside aggression and develop their national armed forces.

Second, the striving to ensure their accelerated social and industrial development prompts Third World countries to choose a socialist orientation or, at least, assume a more radical stand in their confrontation with the United States. By and large, the Third World, as Fouad Ajami justly noted in a recent article in this journal, shifts from more moderate leaders to left-wing radicals.[7] This is a result not of "Moscow's intrigues," but of the efforts of these countries to shake off the fetters of neocolonialism, above all to free themselves from the technological neocolonialism of the United States.

Third, Washington's new emphasis on the instruments of military pressure cannot but engender growing opposition to the United States among developing nations and tilt them further toward the U.S.S.R. and the entire community of socialist nations as a system counterbalancing and neutralizing the military pressure brought to bear by the United States and some other Western states.

[7] See Fouad Ajami, "The Fate of Nonalignment," *Foreign Affairs*, Winter 1980/81, pp. 366–85.

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Fourth and last, the U.S.S.R. and the United States of America find themselves, more frequently than in the past, on "different sides of the barricades" in the Third World—and not only in the context of the alternative models of development they represent. This makes the problem of settling crisis situations in the developing world all the more urgent. The fact that the U.S.S.R. shows solidarity with the just struggle of developing nations does not mean that it is against efforts, including those taken on the diplomatic front, with a view to ensuring peaceful solutions to the problems that arise. This attitude on the part of the Soviet Union stands in contrast to the current approach of American politicians and specialists who place military solutions above all others.

VI

On that score the gist of recommendations by experts in the Republican Party can be summed up in one sentence: the danger of a conflict breaking out and involving the United States and the U.S.S.R. will be less likely only if the United States holds positions of strength both in the sphere of the central military balance and in the developing regions. Since the problem of the central balance is outside the scope of this article, I can only note that the very idea of preponderance runs counter to the one on which the SALT process is based, i.e., the concept of parity. Speaking about regional situations I find this thesis untenable for the following reason: it is based on the assumption that the chief aim of Soviet foreign policy in the developing regions—particularly Southwest Asia and the Middle East—is military expansion and at the first opportunity "cutting the jugular vein" of the United States and the West, i.e., the lanes of supply of Middle Eastern oil. Although this assumption is absurd, it is hard to refute it in such a way as to put an end to any further speculation on it. It is like the famous question: "When will you stop beating your wife?" The person who asks this question is convinced that the husband does beat his wife, no matter what the latter's reply might be. The strength of the paranoiac "system of coordinates" lies in the fact that everything is logical within it, while the axiom serving as a point of departure is taken for granted, as in geometry.

Yet, it should be noted, at least by those who are capable of thinking rationally, that the Soviet Union does not need Middle Eastern oil, since the U.S.S.R. is a country that exports large quantities of energy raw materials; moreover, it is prepared to increase substantially these exports to the West (which, *inter alia*, is something that Washington is making great efforts to prevent).

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Moreover, no strategic military considerations can force the Soviet Union to extend its borders 1,000 kilometers southward to such a highly explosive region (yet this is exactly what an alleged thrust of Soviet divisions to the Middle East would imply). Finally, all those who might plan such a "thrust" realize full well that it would certainly lead to rapid escalation of a Soviet-American conflict in that region to a nuclear level. The price of Arab oil thus obtained could bear no comparison with the price (consequences) of a strategic nuclear war for this oil. Consequently, the main argument of those who claim that the U.S. military buildup in the Middle East is the best way to avert a Soviet-American conflict does not hold water, because it completely disregards the real situation.

For all the hopes which Washington is pinning on American armed forces (even if they are used only as an instrument of political pressure) to maintain a status quo in the Third World, this policy is not an answer to the social and economic problems of the developing countries. And it is these problems—not the actions of the Soviet Union—which are at the core of the U.S. worries, though few Americans are conscious of this. The developing nations, for their part, have become increasingly aware of a direct relationship between disarmament and development. The course of events in Pakistan, Iran and Chile made them realize that the intensification of the arms race and the spending of vast sums on imported arms lead to social stagnation, regression and increasing domination by external forces. Consequently, the U.S. policy of encouraging militarization of the developing countries will exacerbate conflicts, aggravate social instability and, in the long run, cause revolutions (the revolutions in Nicaragua and Iran bear this out), or at least provoke actions against the transnationals and other symbols of American domination.

Washington will hardly gain anything from employing the gimmick of labeling liberation movements and whole countries of the Third World as "terrorist bodies." The most surprising thing is that Washington already tried this approach some time ago not only in propaganda but in practice as well, and it shamefully failed. It is common knowledge that the American use of "a special war" to suppress national liberation movements was based exactly on the premise that these were terrorist movements and the moment the United States created special counterterrorist (i.e., counterinsurgent) forces they would have the problem solved. Is it conceivable that the experience of Vietnam—and more specifically, the failure of Operation Phoenix—taught nothing to

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the American generals, or at least to those now turned politicians?

In short, the policy of increasing American military presence as a means of stabilizing the situation in the developing countries and ensuring "a final solution" to all problems created by the revolutionary movements will undoubtedly fail, just as all the previous attempts made by Washington to settle political, social and economic problems in the Third World by force have failed.

VII

Can any "code of conduct" of the Soviet Union and the United States in the Third World lessen their confrontation on an international scale? If this means establishing spheres of influence or spheres of special interests, then such a "code" is unacceptable to the Soviet Union. On the other hand, if such a code means basing relations with the developing countries on generally recognized norms of international law, then the Soviet Union is quite ready and willing to abide by it. These norms necessarily include the recognition of the right of every people to govern their own affairs, the obligation to respect the sovereignty of each state over its natural resources, and the readiness to honor the status of nonalignment which these countries choose.

At the same time it is obvious that elaboration of certain more specific rules of conduct stands little practical chance of success in view of the objective factors leading to revolutionary changes in the Third World, and in light of the conflicting evaluations given to these phenomena by the capitalist and socialist countries, by the United States and the Soviet Union in this particular case. Their conflicting appraisals give rise to the opposing political stands these countries hold with regard to their support for different social forces and movements in the Third World, and the sociopolitical polarization of that world.

Can foreign policy restraint on the part of the two great powers help abolish the sources of tension and alleviate their confrontation? In principle, it can. Under the June 1973 Agreement on the Prevention of Nuclear War, the Soviet Union and the United States undertook "to act in such a manner as to prevent the development of situations capable of causing a dangerous exacerbation of their relations." However, as experience shows, it is very difficult for one side to show restraint when the other side is inclined to interpret such restraint as weakness which can and should be exploited.

To stabilize the world situation, the Soviet Union in the 1970s worked for the decisions of the United Nations and other inter-

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national documents to record certain principles of the conduct of states on the world stage. In particular, the Soviet Union suggested that all countries gear their actions in all regions of the world to the interests of détente. However, for this principle to be translated into deeds, it is first of all necessary to have détente. As for détente, it is inconceivable without at least normal Soviet-U.S. relations.

Only if a minimum of understanding and cooperation exists between the two countries will it be possible to radically improve the situation in the world as a whole and its individual regions by the joint constructive efforts of states. However, now that Washington is bent on an overall confrontation with the Soviet Union, any Soviet proposal, even the most reasonable one, for improving the situation in one region or another is immediately interpreted as a "pretext and cover that might be used for a future Soviet intervention."[8]

The question of settling Soviet-U.S. relations as the main prerequisite for easing international tension was raised most resolutely by Leonid Brezhnev, General Secretary of the Central Committee of the Communist Party of the Soviet Union. In the report he made to the 26th CPSU Congress in Moscow in February, Leonid Brezhnev said that the acuteness of today's international situation necessitates an active Soviet-U.S. dialogue at all levels, including at the summit. This is understandable, since the aggravation of the situation is largely due to the Washington-Moscow understanding having been undermined by the Carter Administration, which, as I have noted above, ostentatiously gave these relations last place on the scale of its foreign policy priorities. In his report to the CPSU Congress Leonid Brezhnev stressed that "the military and strategic equilibrium between the U.S.S.R. and the United States of America, between the Warsaw Treaty and NATO is, objectively, a safeguard of world peace."[9] That is why the limiting and reduction of the strategic arms of the Soviet Union and the United States should play an exceptionally important role in maintaining stability in the world.

The U.S. Senate and the Administration have now blocked the SALT II treaty, alleging that it does not meet the national interests of the United States. Of course, it is not for a Moscow observer to judge America's national interests. However, some people in the United States apparently do not realize that the SALT I and SALT

[8] Albert Wohlstetter, "Half-Wars and Half-Policies in the Persian Gulf" in *National Security in the 1980's: From Weakness to Strength*, W. Scott Thompson, ed., San Francisco: Institute for Contemporary Studies, 1980, p. 138.

[9] *Pravda*, February 24, 1981.

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II agreements are a kind of nonaggression pact between the Soviet Union and the United States. These treaties go much further than traditional nonaggression pacts, which set forth the commitment not to attack the other side only as a solemn pledge. As regards the SALT treaties, the tacit commitment not to attack each other, although it is not formulated in so many words, rests on a solid material foundation, which was not the case with any "classical" nonaggression pacts. This foundation is the legally fixed parity of the main, i.e., strategic, arms of the sides. In this way, the recorded configuration of the strategic offensive and defensive arms, guaranteeing each side the possibility of dealing a crushing retaliatory blow if the other side undertook an attack, is the main factor of stability. People shaping and conducting U.S. foreign policy, lawyers in particular, who now shout about a "Soviet threat," would do well to ponder this.

As for interaction between the Soviet Union, the United States and other countries in crisis situations, the main thing, as the 26th CPSU Congress stressed, is not merely to extinguish military conflicts after the hostilities have started, but to prevent the emergence of the sources of war, to defuse explosive situations before they break out.

It is generally recognized that today the Middle East is the most dangerous area of conflict in the developing world. The protracted Iraqi-Iranian conflict, Arab-Israeli confrontation resulting systematically in combat operations in southern Lebanon, etc.—each such situation is fraught with the potential for a major war erupting. To prevent further backsliding toward a major war, the Soviet Union suggests returning to an honest collective search for a Middle East settlement on a fair and realistic basis with the participation of all interested sides, including the Palestine Liberation Organization and Israel. In this respect the United States and the Soviet Union have some experience in cooperation, which was unilaterally disrupted by the White House in favor of the Camp David deal, although that has brought neither any benefits to the United States nor stability to the region.

The 26th CPSU Congress also reiterated Soviet proposals for normalizing the Persian Gulf situation on the basis of an international agreement which would guarantee the sovereign rights of the states of the region and the safety of sea lanes and other routes there. More than that, to disperse the ungrounded assertions about "a growing Soviet military threat to Persian Gulf oil," which are being peddled in connection with the stay of the Soviet military contingent in Afghanistan, the Soviet Union put forward

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several variant proposals for settling the problems of the Middle East and Southwest Asia. The Soviet Union is ready to negotiate on the Persian Gulf as a separate issue, and it is also ready to participate in settling the situation around Afghanistan as a specific issue. At the same time the Soviet Union has expressed its readiness, if the West reciprocates, to solve the international questions connected with Afghanistan in linkage with Persian Gulf security matters. The Soviet Union is very flexible in its approach to these problems because it really wants to abolish today's conflicts and sources of tension, and to prevent new ones from arising.

The continuing stormy events in the Third World, generated by the objective process of development, specifically by the newly free countries' struggle for an equal place under the sun, are inevitable. This process has developed and will develop against the background of the continuing competition between the two world systems, the capitalist and the socialist, for influence on its course and outcome. It is only an unbiased and business-like approach of all non-local forces to the political settlement of acute crisis situations arising in this zone that can ensure their not leading to the military involvement of great powers, to another world war.

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Teddy Kollek

JERUSALEM: PRESENT AND FUTURE

In view of the political complexities of Jerusalem, what is the most desirable course of action that Israel's national authorities should take in regard to the city that is of such central concern to Jews, Christians and Muslims?

We must act on the assumption that, given the realities of the Middle East today, it will be a very long time before any Arab leader or ruler of stature may be willing to negotiate, let alone sign, a document on a united Jerusalem with a Jewish majority—no matter what concessions Israel may offer on such issues as independent control of the Muslim Holy Places or local autonomy for the city's Arab residents.

Therefore, what Israel must do in Jersualem is very clear. We must recognize that Jerusalem will be among the last items on the agenda as the Middle East's problems are solved, and we must strive in the meantime to make the quality of life for all people in the city as attractive as we possibly can.

II

In July 1977, writing for *Foreign Affairs* on the tenth anniversary of the reunification of Jersusalem, I listed four principles that guided our actions in administering our city. These principles were put forth as follows:

1. There shall be free access to all the Holy Places irrespective of nationality and they shall be administered by their adherents.
2. Everything possible shall be done to ensure unhindered development of the Arab way of life in the Arab sections of the city and ensure Muslims and Christians a practical religious, cultural and commercial governance over their own daily lives.
3. Everything possible should be done to ensure equal governmental, municipal and social services in all parts of the city.
4. Continuing efforts should be made to increase cultural, social and economic contacts among the various elements of Jerusalem's population, while preserving the cultural and even the national identity of each group.

Teddy Kollek has been Mayor of Jerusalem since 1965.

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Four years later, these principles have proved themselves well and continue as the basis for our policies, thriving independent of the international or the Middle Eastern scene. Even the July 1980 passage of the Jerusalem Law, confirming the fact that Jerusalem is the capital of Israel, while it had widespread negative repercussions on the international scene and while 13 embassies moved to Tel Aviv, did not affect everyday life in the city. I had personally objected to the Jerusalem Law as unnecessary and needlessly provocative; but once its passage seemed assured, I appeared before the Knesset Law Committee and at my request a paragraph was added as follows: "The Holy Places shall be protected against any desecration or any other sacrilege or anything which is apt to interfere with the freedom of access of all religious adherents to their Holy Places or to injure their feelings towards these places."

This important clause was entirely ignored in the international reaction to the law, as were the circumstances that originally led the Knesset to take up the question of Jerusalem. These consisted of a series of provocations, most notably two resolutions of the Egyptian Parliament. The resolution of April 1, 1980, reads: "Arab Jerusalem is an integral part of the West Bank, which was occupied by military force. Action must be taken to preserve the historical and legal Arab rights in the city in their entirety . . . . All the steps that have been taken by Israel to alter the identity, the demographic composition and the geographic structure of the city are illegal, null and void and non-binding." One of the other seven paragraphs of the statement, all in the same vein, specifically calls for "the abolition of the Israeli steps that have been taken in Jerusalem."

The resolution passed by the Egyptian People's Assembly on July 1, 1980 is shorter but even more extreme. It declares: "Jerusalem must be under Arab sovereignty. . . . Jerusalem must be regarded as the capital of the Palestinians." The Jerusalem Law was adopted by the Knesset on July 30, 1980, a full month after this second declaration of the Egyptian Parliament.

In fact, the Jerusalem Law only restates the well-established and well-publicized Israeli position that the undivided city of Jerusalem is, and remains, the capital of Israel. That this has now been entered on the statute books adds nothing to the national consensus underlying it and detracts nothing from its unenforceability under international law. It amounts to this only: that the position previously taken by several successive governments and repeatedly endorsed by resolutions of the legislature has now also received formal legislative endorsement.

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Like many other Israelis, I hold this legislative act to be entirely superfluous because legislation ought to be enacted for normative purposes only, and this particular piece of legislation simply states facts or postulates, but does not create, norms. If its sponsors desired to stir up world attention to the Jerusalem issue and the Israeli position on it, they have certainly attained their purpose; if they desired to bring about any actual change in the legal status of Jerusalem, they have singularly failed.

I am happy to place on record the sensible reaction of Jerusalem's citizens, Arabs and Jews alike, of largely ignoring the law. This highly reasonable attitude contrasted sharply with the gross overreaction outside Israel, particularly in the United Nations and in Europe. The law was maliciously misrepresented by deliberately ignoring the Holy Places clause as well as by insinuating that there was something in the law that had not previously been proclaimed in various forms and that did not truly reflect the facts as they exist on the ground in Jerusalem.

While the problems of this area have changed considerably since 1977, following the peace treaty with Egypt, international complications regarding Jerusalem have not eased. Israel is determined to maintain a united Jerusalem as the capital of Israel, while continuing to give the Arabs and the various religious communities the wide freedom of speech which is reflected in Jerusalem by the only free Arab press in the Middle East; freedom of religion; freedom of education; and freedom of access and movement, which results annually in the visits of 150,000–200,000 Arabs from countries still at war with Israel. These freedoms are based on the self-denial of our own sovereign rights in these fields. These unilateral acts have been taken because we believe on principle in these democratic and religious freedoms for everyone.

On the other hand, to divide sovereignty geographically according to the lines of 1967 without erecting walls and barbed wire, as proposed by some Arab groups, is not a viable proposition. Egyptian President Anwar Sadat spoke of divided sovereignty in a united city. This simply cannot work. The proposition is a contradiction. Two legal systems? Two police forces? The barbed wire and the mines would soon return.

Internationalization was still discussed in 1977; now it is barely a whisper and surely is not broached by any eminent or responsible group. The Vatican, the prime mover behind this proposition in 1947–48, has for some time now been doubting its viability and has reverted to using a different formula. While the present Pope, His Holiness John Paul II, has stressed on several occasions that

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Jerusalem should be the center of the three monotheistic religions, the thrust of the current Vatican stand is the contention that Jerusalem should not be under the exclusive control of any one of them. The Vatican continues to demand international guarantees to assure free access to the Holy Places. This attitude deliberately ignores the tremendous (and visibly successful) efforts made by the present city administration to improve the condition of the Christian Holy Places to a degree never previously achieved. The complete freedom of access now practiced could not possibly be further enhanced by some complicated framework of international guarantees or supervision—although there might well be ways of formalizing, by agreements with the various Christian churches, the de facto arrangements already existing, which have worked to the satisfaction of all concerned. All religions in Jerusalem oversee the personal affairs, e.g., marriages and divorces, of their own members.

In this context, it must be borne in mind that, important and accepted as it is, the Roman Catholic Church is only one among more than 30 Christian denominations that are represented in the city, of which the Greek Orthodox is the oldest and holds more than 50-percent ownership of the Holy Places. The Municipality, always in unison with the government of Israel, has done everything to strengthen the presence and activities of the Christian communities, particularly regarding education, housing and community work.

We respect and indeed welcome all those who are genuinely concerned for the peace and freedom of Jerusalem. We cannot but question the motives of those others who were silent for 19 years while the Jordanians desecrated synagogues and Jewish cemeteries, barred Jews of all nationalities and Israelis of all religions from East Jerusalem, despite the provisions of the armistice agreement, and who are now so vocal in demanding guarantees for the freedom of access which Israel introduced where it did not exist before.

We believe that ours is the most tolerant regime this city has ever seen, but there is no doubt that the situation puts a psychological strain on the Arab community. The city has a Jewish majority, which is actually not a new phenomenon and has existed in modern times for at least 140 years. Unfortunately, Jerusalem Arabs' formal participation in municipal government has so far been prevented both by their fear of terrorism by the Palestine Liberation Organization (PLO) and their refusal—going back to the 1930s—to participate in a Jewish-run Municipality.

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To discuss the future of Jerusalem with local Arab leaders is more complex than one would imagine because of PLO threats against even the most patriotic Arab moderates who would dare in any way to lend a semblance of legitimacy to Israeli rule. Thus one often finds a wide gap between the public and private opinions voiced, between degrees of cooperation on the surface and degrees of cooperation beneath the surface. Even if privately many local Arab leaders are as much opposed to the PLO as ever, their public reply would have to be along the lines of PLO involvement.

Nevertheless, in the most recent municipal elections in 1978, despite constant threats of PLO violence against the Arab populace, 40 percent of the male electorate did vote (Arab custom discourages female suffrage). This figure speaks for itself. The same pattern was borne out more recently when Jerusalem Arabs again took an active part in the April 1981 elections for the Histadrut, Israel's trade union federation.

The mood of the city has changed in these last few years, sometimes for the better but not always so. For one thing, there has been an increased religious awareness among Jews, Christians and Muslims; but Jews and Arabs, while living next to each other, have not grown much closer. Many Jewish families who came from Arab countries often have unhappy memories of the regimes whose oppressive and discriminatory measures they escaped and whom they sometimes cannot help but identify with Arabs here. On the other hand, no matter how much Jerusalem's Arabs may, in their heart of hearts, appreciate the economic upswing, the tranquillity, the improved educational and municipal facilities, the massive tourism of the united city, few Arabs can be expected to be enthusiastic about the perpetuation of their status as a minority and the absence of a long-term political solution for the area or the city. And the current inflation has also somewhat reduced the economic gains from which they have benefited.

Polls taken periodically since 1967 show a slight hardening of attitudes among Jews and among Arabs toward each other; and both sides are less willing to make concessions, particularly of a symbolic character, about the future status of the city. Yet the most recent survey shows distinctly positive results in terms of the satisfaction of the people with city services and with the general atmosphere in Jerusalem. Special projects have been particularly appreciated by the Arab populace—for example, the restoration work on the Old City Wall and the reconstruction of Damascus Gate, the beautiful Islamic structure which had deteriorated in the 19 years of Jordanian rule, which was hidden behind accu-

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mulated rubble and car parks, and which is now being made visible again in a very dramatic fashion.

And the fact remains—and cannot be repeated often enough—that between 1948 and 1967, despite its high birthrate, the Arab population in Jerusalem did not increase because of the limited economic opportunities which led to considerable emigration by both Muslims and Christians, particularly the better educated and the skilled. Jerusalem was then a dead-end city. But since 1967, the Arab population has increased by 90 percent. The Arabs feel secure in Jerusalem. This security relates to a largely satisfactory regulation of their day-to-day life. It enables them to live more comfortably and for an extended period with the present situation. It does not mean that they have given up hope that Arab and international pressure might ultimately force upon Israel some (as yet intangible) arrangement that would enable them to retain the benefits of the current situation and yet fit into a political pattern more compatible with their national aspirations.

It will also be remembered that, during the 19 years of the Jordanian occupation, the number of Christians living in Jerusalem dropped from 25,000 to 9,000. In the 14 years since the reunification of Jerusalem, this number has grown to 12,000—proportionately less than the Arabs and Jews but nevertheless the first reversal since the large Christian exodus started about 1900.

III

With all the changes relating to the political scene in the Middle East, from the positive to the negative, I believe firmly that the "problem" of Jerusalem can only be solved in the very last stages of negotiations. In the interim, we must make every effort to maintain and even improve the quality of life in the city, with the Arab minority aware that its situation is continually improving. And to this end, all efforts are expended with, thus far, good results.

To give an example, in the period of April 1979-April 1980, there were 56 terrorist attempts against the Jewish population in Jerusalem; because of public awareness, only a few devices exploded. In the period of April 1980-April 1981, despite the unfortunate increase in such activities in the West Bank, the number in Jerusalem was reduced to 24. With the exception of a few minor incidents involving youngsters, none of the terrorists was a Jerusalemite.

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We continue to take steps that will smooth the path of the daily life of the Arab community. In fact, as the Arabs do not officially sit on the City Council, we have found ways to initiate many programs without their being compromised for officially negotiating with the "enemy."

We started some years ago to change the Arab educational system to the Jordanian curriculum (plus the addition of Hebrew and civics courses), enabling all Arab youngsters to take the Arab League matriculation. This followed the disastrous attempt by the Israeli Ministry of Education to use the curriculum of the Israeli Arab community, which led to pupils moving to schools in Ramallah or Bethlehem, where the Jordanian curriculum was maintained by the Israel military government. The Jordanian curriculum, with the deletion only of the anti-Semitic passages in the textbooks, was first reinstated in the Jerusalem high schools and then the junior high schools, and with the coming school year will be applied in the elementary schools as well.

In 1977, we made plans for an Arab health clinic that would be geared specially to the Arab population and its specific medical and public-health needs. The clinic would be staffed by Arab doctors and administrative personnel but at the same time would have available to it the support system of the nearby Hadassah Hospital. This is now becoming a reality. By 1982, we plan to open the first wing, comprising the departments of preventive medicine and public health, the children's clinic, the general clinic, the X-ray department, and possibly the department of psychiatry.

Yet the psychological strain between a majority and a minority is always constant even if latent, certainly in our circumstances where enmity is continually stirred by outside elements. A minor grievance always becomes a grudge, a major achievement is always taken for granted. In order to minimize this strain and live with it, all residents of the city must be assured that what they have attained will not be eroded. As the Jews are the majority and form the governing body, they are, of course, less worried. To the Arab community, assurance must be much more clear-cut and definite. If all the positive measures actually taken could be legally guaranteed, this would be a vital step. If there were also a declaration on the part of the Israeli government that no additional land will be compulsorily purchased for Jewish housing, one of the great sources of tension would be removed. Such a move would be compatible with the existing plans for the city's expansion within its present municipal limits up to a total population of 650,000–

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700,000 in the next 20 years. Hence, there should be no objective bar to a declaration to that effect by the government of Israel. With present landholdings, Jews as well as Arabs could grow to their respective numbers, maintaining more or less the present population ratio.

Jerusalem, like all of Israel's cities, is still subject to local government legislation based on the British Municipal Code of 1934, which in turn is derived from the Indian Municipal Code of 1904. In the good old British imperial tradition, it virtually concentrates all power and authority in the hands of the national government and makes the cities dependent on national resources and priorities. If this cannot at present be changed in relation to all of Israel's towns, it is to be hoped that the new Israeli government can be persuaded to enact legislation to grant Jerusalem special status, such as other capital cities around the world enjoy. Detailed proposals in that direction are now under active preparation. Their purpose would be to delegate to the city powers now held by the government, especially in such areas as housing, education, health and social services. Once the authority over these and other local functions rests with the city, the way will be open for the creation of neighborhood agencies and other local organizations and the delegation to them of municipal responsibilities in many aspects of everyday life; and legal guarantees for religious and other civil liberties could be undertaken by the city in matters for which the Knesset might find it difficult to legislate.

The problems of Jerusalem must also be seen in the context of the complications faced by urban centers throughout the world. Problems of heterogeneous cities can never be solved easily and quickly, whatever their character: not in the great American cities, not in Brussels, not in Belfast, not in Beirut. And now violence has even spread to dignified old established homogeneous cities from Amsterdam to Zurich. Such violence is unknown in Jerusalem. But instead of manifesting some satisfaction at what has been accomplished in a city that is so dear to everyone, the international community appears to be searching relentlessly for causes or pretexts to criticize and malign.

Other heterogeneous cities are complex and their problems may even be insoluble, but I am convinced that the issues in Jerusalem can be solved if people of goodwill can be fair-minded and determined to resolve their problems together.

Many caring people have come up with a vast variety of plans to deal with these problems. I, for one, have envisioned a future structure in Jerusalem under which the city would be governed

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through a network of boroughs modeled on the boroughs of London. More recently, Dr. Daniel J. Elazar, the Minneapolis-born Professor of Political Studies and head of the Institute of Local Government at Bar-Ilan University in Israel, has written:

> Jerusalem has done as well as or better than any city in the modern world in the development of means to govern heterogeneous populations . . . . it is appropriate to assume that Jerusalem will remain an undivided city and under Israeli control—exclusive for most of the city and perhaps shared for certain sites or parts . . . . For example, Jerusalem could be established as a capital district within Israel; this would give it an organic law of its own, including provisions for extraterritorial status for certain sites or residents within its boundaries. As a capital district, it would become the equivalent of a county within which separate municipalities could be established. Then most municipal services would be provided to the municipalities by the capital district government on a contractual basis, and the municipalities' primary function would be to provide political expression for specific populations or neighborhoods within the larger whole. In addition, various functional authorities could be established to serve those communal needs that are not clearly geographically defined. The council governing the overall district could be elected on an area basis; that is, by dividing the entire jurisdiction into districts and electing all or most council members from them.[1]

My point is that people of goodwill are continually seeking to solve Jerusalem's problems peacefully and constructively. In the meantime, the most positive course we can continue to follow is that of deepening and expanding the promising pattern of practical yet harmonious coexistence that has been established in Jerusalem with so much painstaking care and in the face of seemingly insurmountable odds. In this way, we can not only make the long interim period, be it five or ten or even 15 years, tolerable and profitable for Jerusalem's Arabs on the human and economic level, but also—gently but firmly—point in the direction of a broader resolution of the Middle East conflict, proving that Jews and Arabs can live and work together, preserving values and sites that are sacred to both and that matter so much more than the hatred and strife of political emotion.

[1] Daniel J. Elazar, "Local Government for Heterogeneous Populations: Some Options for Jerusalem," in *Jerusalem Problems and Prospects*, edited by Joel L. Kraemer, introduction by Teddy Kollek, New York: Praeger Publishers, 1980.

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Walid Khalidi

REGIOPOLITICS: TOWARD A U.S. POLICY ON THE PALESTINE PROBLEM

Unlike the Carter Administration (with the Brookings Report), the new Administration has not come into office with any known general policy framework of its own for the settlement of the Palestine problem and the Arab-Israeli conflict. In addition to the priority accorded by President Reagan to the domestic economy, the fact that the Israeli elections were to be held on June 30 served to purchase additional time. Nonetheless, the emerging indicators of what the new Administration's policy might be give cause for concern to some observers of the Middle East scene.

Secretary of State Alexander Haig's delaying tactics in going out to the Middle East rather than face the problem of which Middle East leaders—and in what sequence—to invite to an unprepared Washington were astute. His trip will have provided him with a privileged tourist's insights into the attitudes of key countries he was visiting for the first time as the principal guest. But the predominantly geopolitical lens through which he views the Middle East (along with the rest of the world) can only heighten concern. Without as yet having scrutinized the contents of the Middle East box (including, *inter alia*, the Palestine problem and the Arab-Israeli conflict), Mr. Haig proposes to wrap it in a "strategic consensus" between the Israelis and the Arabs in the face of the U.S.S.R.

A number of separate events during the spring indicated a discernible direction in Administration attitudes. On Mr. Haig's trip, Egyptian President Anwar Sadat's agreement to the participation of an American contingent in the Sinai buffer zone meshed with Mr. Haig's expectations about a "strategic consensus," as Sadat would have intended. Then in Jerusalem Mr. Haig appeared to swallow Israeli Prime Minister Menachem Begin's line concerning Israel's "rescue mission" in Lebanon against the "brutal" Syrians. (The Syrians were, after all, protégés of the Soviets,

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Walid Khalidi, who was born in Jerusalem, Palestine, is Professor of Political Studies at the American University of Beirut, Lebanon. Since 1978 he has been a visiting Professor of Government at Harvard University, and is the author of *Conflict and Violence in Lebanon: Confrontation in the Middle East.*

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so it all seemed to fit.) At the same time, in Washington, National Security Adviser Richard V. Allen was conceding on network television that the Palestine Liberation Organization (PLO) could be described as a "terrorist organization" and that the Israelis were justified in their "hot pursuit" of Palestinians in Lebanon, even though the Israelis had long ago abandoned this strategy for what they prefer to call "preemptive retaliation." Meanwhile at the United Nations there was to be a self-imposed U.S. silence on Israeli colonization of the Occupied Territories, now in high gear.

Presumably to offset all this, the Saudis were to get the hardware they had been asking for. Washington's expectations would seem to have been that the emplacement of the Airborne Warning and Control System aircraft (AWACS) and the American personnel to go with them would in time constitute a de facto incorporation of the Saudis into the "strategic consensus." Another expectation would seem to have been that in return for the hardware the Saudis would underwrite a Camp David formula for Palestinian autonomy with only cosmetic changes. If this exercise in divining is not too far off the mark, the Reagan Administration, while ostensibly waiting for the outcome of the Israeli elections, may already have on its hands a policy for Palestine and the Arab-Israeli conflict but, like the gentleman in the French play, without knowing it.

II

All this appears to indicate that the Palestinian issue has been shelved by the Reagan Administration. Therefore, it is necessary at this juncture to take a hard look at what is actually at stake in the non-resolution of the Palestine problem and the Arab-Israeli conflict.

U.S. policy toward the Palestine problem and the Arab-Israeli conflict has been an amalgam of three main variables: the geopolitical, the domestic and the regional. The geopolitical variable involves concepts of the national interest and images of other powers, principally the U.S.S.R. The regional variable involves readings of the political map of the Arab world (or any other region in question). The domestic variable (in the form, for example, of inter-institutional competition, public opinion and electoral considerations) influences the two others. Policies whether geopolitical (toward the U.S.S.R.) or regional (toward the Arab world, or any region in question) reflect the mix between these three variables. If one variable, say, the domestic, is paramount, the resulting foreign policy could be irrelevant or worse. Likewise, what role is assigned to the geopolitical and regional

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variables and the manner in which the two are integrated are primary considerations. Also, if the reading of the regional political map is faulty the resulting policy will be counterproductive in both regional and geopolitical terms. The lower the importance attached (for whatever reason) to even a correct reading of the regional political map, the likelier the irrelevance—or worse—of the regional and *therefore* the geopolitical policies.

It is the contention of this article that the mix of these three variables in the formulation of U.S. policies toward the Palestine problem and the Arab-Israeli conflict has gone consistently awry since the late 1940s. Sometimes the domestic, at others the geopolitical, and just as often the two together have been allowed to play paramount roles, at the expense of the regional variable. If the forebodings expressed in the preceding section are not unduly alarmist it looks as if we are in for more of the same.

A first remedial step is to upgrade the regional variable from the status of a poor cousin to that of a peer in relation to the other two. But this may not be all that is required. There may be regions of the world (and the Arab world could be one of them) where the regional variable, if only at certain moments, needs to be given particular attention. To compensate for the inferiority hitherto accorded this cardinal component of U.S. policy, the regional aspect should be promoted to the rank of "Regiopolitics." With a capital R, regional expertise (on the Arab world and elsewhere) might have a fairer chance of competing with the godfather of foreign policy, Geopolitics. This is not a plea for empathy. States are by definition in chronic short supply of this commodity. It is a plea for policies toward the Arab world (and other regions on this globe) that are more in touch with the regional facts of life.

III

The Arab world is a baffling political universe. One explanation is that it is literally an infant in terms of the age of older states' systems. The West European states' system, it will be recalled, has been evolving for more than a millennium. In spite of its infancy the Arab world shares a common political resonance. This is true in a sense of the whole world today. But what distinguishes the Arab world from the global setting is the intensity of its transnational resonance and of its impact, both negative and positive, across the sovereign frontiers of individual Arab states. To be sure, what echoes within this area of resonance is often a protracted cacophony. Yet beneath the confused signals there is a logic of sorts. This is the continuing struggle between centripetal and

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centrifugal forces. The former are grounded in the ideologies of pan-Arabism and pan-Islamism and their non-doctrinaire versions, which take the form of sentiments, cultural solidarity, interpersonal contacts and enlightened self-interest. The latter stem from the more restrictive perspectives of individual states, ruling elites and leaders, and ethnic, sectarian and tribal subnational forces.

Within the Arab world six issues dynamically interact: (1) the Palestine problem; (2) the Arab-Israeli conflict; (3) domestic change and instability; (4) oil policies; (5) inter-Arab relations; and (6) relations with the outside world.

It would be ludicrous to maintain that the non-resolution of the Palestine problem and the resulting perpetuation of the Arab-Israeli conflict are responsible for all developments (or those adverse to the West) in all the other "fields" listed above. But it would be sloppy "Regiopolitics" to fail to assess their significance. The issue is particularly alive today because a tacit assumption of the non-centrality (whatever that may mean) of the Palestine problem seems to be a major premise of the new American Administration's policy toward the Arab world.

Given all the other tensions outside the immediate area of the Palestine problem and the Arab-Israeli conflict it would seem highly desirable to get these two out of the way—by working toward a solution. What makes the Middle East and its environs so explosive today is precisely this unprecedented coincidence between the non-resolution of the Palestine problem and the occurrence of so many other dilemmas in contiguous areas.

IV

A brief look at how the Palestine problem has in fact interacted in recent history with the other "fields" provides a useful perspective.

First, *the Palestine problem and the Arab-Israeli conflict.* That the Arab-Israeli conflict derives from the non-resolution of the Palestine problem should be self-evident. The Arab states' political and economic confrontation with Israel as well as all the Arab-Israeli wars since 1948 are essentially the result of this non-resolution. For reasons that will be given later, it would be rash to generalize from the example of Sadat.

Second, *the Palestine problem, domestic changes and instability.* Change and domestic instability in the Arab world preceded the emergence of the Palestine problem and will presumably be around after its resolution. But the rapidity and extent of change, and the

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intensity of the cultural backlash against it, are relatively recent phenomena in the Arab world. Since 1948 incumbent Arab regimes have been at the receiving end of monumental demands from internal opposition forces and regional rivals bent on delegitimizing them in the name of Palestine. In the new circumstances of rapid change and regional turbulence, the non-resolution of the Palestine problem could constitute the bushels of straw that could break the backs of some Arab regimes.

Third, *the Palestine problem and oil policies.* Since the mid-1930s, when Palestinian guerrillas first attacked the Iraq Petroleum Company pipelines in Mandatory Palestine, the *threat* to interrupt oil supplies, *armed attack* on oil installations, *disruption* in the flow or transport of oil and the *imposition of embargoes* have been—with the singular exception of the recent Iraqi-Iranian conflict—exclusively connected in the Arab world with the non-resolution of the Palestine problem and the perpetuation of the Arab-Israeli conflict. Chapter and verse are easy to cite.

Possible future threats to Arab oil fall broadly into the following categories: (1) direct assault by the U.S.S.R.; (2) attacks against installations, pipelines, shipping, etc., by Palestinian and non-Palestinian extremist groups; (3) embargoes imposed by radical Arab incumbents, already in place for reasons unconnected with the Palestine problem; (4) embargoes imposed by radical/conservative Arab regimes during a future Arab-Israeli war; (5) embargoes imposed by radical/conservative Arab regimes in despair at the consolidation of the Israelis' hold on the Occupied Territories and East Jerusalem or in the event of large-scale Israeli operations in Lebanon; (6) embargoes imposed by radical regimes after the overthrow of conservative ones; (7) seizure of the oil installations by opposition forces in radical or conservative regimes; (8) war between two oil-producing Arab countries or between an oil-producing and a non-oil producing one; (9) war between an oil-producing Arab country and a non-Arab country other than Israel; (10) blowing up of oil installations in anticipation of Israeli seizure; (11) bombing of oil installations by Israel in a future Arab-Israeli war; (12) blowing up of installations in anticipation of seizure by the U.S. Rapid Deployment Force to forestall some or all of the above.

A detailed analysis of this list would indicate that many if not most of these threats could be generated directly or indirectly by the non-resolution of the Palestine problem.

Fourth, *the Palestine problem and inter-Arab relations.* Many centrifugal forces in the Arab world operate independently of any

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ramifications of the Palestine problem. A list enumerating "purely" inter-Arab conflicts would be a long one. But from the U.S. point of view these conflicts do not adversely involve the U.S. image or interests quite in the same way, if at all, as do inter-Arab tensions related to the Arab-Israeli conflict.

Given the dynamics of the Arab area of resonance, the oil-rich Arab countries do not constitute a cohesive sub-system in any meaningful political sense within it. Both their affiliation with the West and their conservative regimes make these states particularly vulnerable to the pressure of the Palestine problem both domestically and in their inter-Arab relations. This pressure has been a major cause of polarization among the Arab states as a whole. Its most destabilizing effect has been the outbidding tactics, both offensive and defensive, that the Arab states have used against each other in the name of Palestine.

The outbidding process has taken place not only between radical and conservative regimes but also between conservative regimes (e.g., Hashemite Iraq and Saudi Arabia in the 1950s) and between the radicals themselves. By and large the conservatives have been at the receiving end, but sometimes they have gone on the offensive against the radicals (e.g., Jordanian and Saudi Arabian castigation of Nasser for hiding behind the United Nations Emergency Force in 1966–67). In imposing the 1973 embargo the conservatives were demonstrating to Arab public opinion that they were second to none in their espousal of the cause of Palestine. The agony of Lebanon (reminiscent of Spain in the 1930s) is the most poignant example of the spillover effect of the non-resolution of the Palestine problem into inter-Arab relations.

A point can be made that, notwithstanding the foregoing, the Palestine problem has been the principal "unifying" factor in inter-Arab politics and that its resolution would give momentum to centrifugal forces. At worst the fervent proponents of Arab fragmentation might perhaps be persuaded to endorse a Palestinian settlement if only with their own objective in mind. And yet it is a moot point whether a polarized Arab world is in anybody's interest—though Nasser once told this writer that in his view the U.S.S.R. and the United States were equally opposed to Arab unification.

Fifth, *the Palestine problem, the Arabs, the United States and the U.S.S.R.* The Palestine problem and Arab-Israeli conflict have had the following broad effects on Arab relations with the West and the U.S.S.R. (1) They have resulted in the deepening and perpetuation of Arab political alienation from the West—an alienation which admittedly had historico-cultural roots older than the

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Palestine problem and was also a product of the Arab experience of European colonialism in general. Western, and particularly American, sponsorship of Israel and a perceived unwillingness to solve the Palestine problem largely counterbalanced the positive effects of decolonization on Arab-Western relations. With West European colonial disengagement completed, the onus of the non-resolution of the Palestine problem was shifted increasingly to the United States. (2) At the same time, the attractiveness of Soviet military and diplomatic help has increased in proportion to American backing of Israel. In fact, the Palestine problem provided the main Soviet entrée into the Arab world, affording Moscow the opportunity to champion the most popular Arab cause at the expense of the West. (3) While the fundamentally nationalist ideology of even the most radical Arab regimes has set limits on Soviet influence and while disillusionment with Soviet help has developed in many countries, the non-resolution of the Palestine problem has supplied the most powerful motivation (and rationalization) for continued reliance on the U.S.S.R. And while the Arab cultural backlash in its nationalist and religious manifestations has involved "repudiation" of both East and West, the emotional and intellectual balance of Arab public and elite opinion remains in favor of the U.S.S.R. (4) Western military support of Israel has led to Soviet military support of the Arabs. The vicious circle this established has reinforced the Arab emotional and intellectual tilt in favor of the Soviets, especially with the younger generations.

Since the early 1950s the non-resolution of the Palestine problem has been the single most important factor frustrating Western attempts to co-opt the Arab countries into an overt Western military alliance against the U.S.S.R. Such is the moral of the collapse of both the Baghdad Pact (and with it the Hashemite dynasty of Iraq) and of the Eisenhower Doctrine. The "strategic consensus" sought by Mr. Haig would seem to be the contemporary version of these ill-fated attempts. Its chances of success are no brighter; its impact on its Arab adherents is likely to be no less catastrophic.

V

From the perspective of Washington the Arab world can be looked at in several ways: as intermediate space between the United States and the U.S.S.R.;[1] as a universe inhabited by three-

[1] The *reductio ad absurdum* of this outlook is best illustrated in the proposition, "Let the Russians have the influence, and let us [the United States] have the oil." See "Miles Ignotus," "Seizing Arab Oil," *Harper's*, March 1975, pp. 45 ff.

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dimensional indigenous peoples whose political evolution and orientation are important in themselves as well as being relevant to the global balance of power including security and access to oil. A third perspective, not necessarily mid-way between the foregoing, is characterized by a reluctance (for whatever reason) to face the regional reality and a tendency to resort to "alibi" solutions. Built into this third perspective is a propensity to veer toward the first perspective.

In framing policy, one must define the real challenges facing American statesmanship in the Arab world. They are: how to get on with the radical Arabs; and how not to undermine the conservative Arabs. An American policy whose components are, first, pursuit of a "strategic consensus" and second, the simultaneous downgrading of the Palestine problem will prove highly counterproductive with regard to both challenges.

Quite simply, the general Arab mood since World War II has become less and less conducive to the incorporation of Arab countries into either superpower's military network. Sadat, like Iraq's Nuri Said in the 1950s, is a freak. Sadats do not grow on trees, not even in the lush valley of the Nile. In the Arab world (as elsewhere) nationalism is the bulwark vis-à-vis both Moscow (*in spite of* Soviet sponsorship of the cause of Palestine) and Washington (largely *because* of American sponsorship of Israel). In the post-Nasser era a potentially crucial but little-noticed development has been the increasing tendency of radical and conservative regimes to align themselves with each other across the ideological barrier (for example, Jordan and Syria in the mid- to late-1970s, the ongoing relations between Iraq and Jordan and Saudia Arabia on the one hand, and Iraq and Syria, on the other). Another equally significant development has been the tendency of both radicals and conservatives to put some distance between themselves and their respective superpower sponsor (Iraq and the U.S.S.R., the conservatives generally, and the United States) and to edge toward the other superpower (Jordan and Kuwait and the U.S.S.R.; Iraq and the United States).

This increasing political diversification reflects the political self-confidence that comes from the economic power of both the conservative and the radical (e.g., Iraq) oil-producing countries; disillusionment with both superpowers; and the burgeoning nationalism stemming from mass politicization, Islamic resurgence, and cultural backlash. This phenomenon of political diversification is in the long-term interest of regional stability. The main question facing Washington is how to harness it in that direction.

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With some imagination, this can be done.

The beginning of wisdom would be to downgrade the "strategic consensus" concept from a hackneyed grand design aimed at establishing a substitute focus for the adversaries on either side of the Arab-Israeli cleavage, to the level of a unilateral signal by Washington to Moscow of American purposefulness in the Indian Ocean environment. Simultaneously, the moderate policies of the Arab conservatives on the Palestine problem and on oil policy, as well as their perceived affiliation with the United States, should be seen to bear demonstrable fruit. This could be in the shape of the supply of the requested U.S. military hardware (AWACS, etc.) but primarily in meaningful progress on the Palestine problem. This would vindicate moderate policies, and enhance the influence of the conservatives with the radicals. To press on toward the grand design of a strategic consensus while downgrading the Palestine problem and shilly-shallying on the military hardware is the unfailing recipe for inter-Arab polarization and outbidding, the undermining of moderation, and the erosion of the prestige and the legitimacy of the conservatives—developments that preclude any progress in the resolution of the Palestine problem.

To be sure it could be argued that polarization could be turned against the radicals. The chances are that such polarization would boomerang against its Arab and Western architects. It could be further argued, as a variation on the theme of the marginality of the Palestine problem, that its solution would likewise have a marginal effect in terms, for example, of improving the chances of establishing the "strategic consensus." True enough, but then the thesis in this article has not been that a Palestinian solution would result in an Arab démarche at Foggy Bottom in favor of the Rapid Deployment Force.

VI

No one knows what an Arab world bereft of the Palestine problem would look like, but there are excellent reasons for trying to find out. For Israel a settlement of the Palestine problem will mean the end of war. For the Palestinians a sovereign Palestinian state on the West Bank, in the Gaza Strip, and in East Jerusalem in coexistence with Israel—the terms on which the PLO would settle—means a haven from their diaspora and a repository for their vast potential for constructive achievement. The endorsement by Fatah, the mainstream PLO group, of a settlement along these lines will isolate and contain the Palestinian and Arab dissidents. Such a settlement would remove a primary source of

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instability throughout the Arab states' system. It could improve the prospects for functional inter-Arab regional cooperation. Agitation on behalf of Palestine would markedly decline. The interruption of oil supplies resulting from such agitation will lose its rationale, while that resulting from an Arab-Israeli war will be precluded. The continual Arab-American confrontation over Palestine in international forums will end. The incentive for Arab acquisition of nuclear weapons to match Israel's will become less cogent. Such Arab military dependence on outside powers as has been generated by the Arab-Israeli conflict will significantly diminish. Superpower collision in the Middle East will lose a hitherto ever-present catalyst.

VII

On the other hand, it is not difficult to see why Israel and Sadat's Egypt might not be altogether averse to alternative scenarios that could be envisaged in the event of non-resolution and the concurrent pursuit of the mirage of a "strategic consensus." They would hope to enhance their ostensible usefulness to Washington in an environment of confrontation with the Arab radicals, the PLO, and the U.S.S.R. This would divert attention from the obduracy of the one and the failures of the other in the wake of Camp David.

The rationale for American coyness about moving forward on a settlement could be reduced to three arguments: (1) the PLO and the radical Arabs are unwilling to contemplate a reasonable and honorable settlement; (2) the same is true for the U.S.S.R.; (3) what might be described as the Cohabitation Argument—the removal of Egypt through Camp David from the Arab-Israeli military equation—makes it possible to live with the new status quo.

Israeli arguments against a sovereign Palestinian state on the West Bank, in the Gaza Strip, and in East Jerusalem in coexistence with Israel have been examined elsewhere by this writer.[2] But the PLO is excluded from peace negotiations on the ground that it is a terrorist organization. This is hypocritical and unadult. Like every liberation movement in history the PLO has used terrorist tactics. Most of the PLO's terrorist tactics are, in fact, variations of those introduced into the Middle East in the 1930s and 1940s by the Irgun Zvai Leumi before the establishment of the state of

[2] See Walid Khalidi, "Thinking the Unthinkable: A Sovereign Palestinian State," *Foreign Affairs*, July 1978, pp. 695–713.

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Israel. Israel and the PLO are at war with one another and war is terror. Some leading civilized nations in the world have within living memory used "terrorist" tactics on the most horrendous scale. Of all liberation movements in recent history the PLO has been among the most viable in genuineness of motivation, grass-roots appeal, organizational structure, and international support and standing.

The PLO is likewise ruled out of court because of the provisions in its Covenant which deny the legitimacy of the state of Israel and call for the liberation of "the whole of Palestine."[3] One way of looking at the Covenant is to view it as a gratuitous tract of hate against an altogether innocent party. Another is to see it in relation to the evolution of the Palestine problem and the tribulations of Palestinian disinheritance and statelessness. Nevertheless, whatever its background the Covenant is maximalist, unrealistic and no basis for a settlement.

The Palestine National Council (PNC), the highest PLO authority, has met 12 times since the adoption of the present Covenant in 1968. If the resolutions adopted by successive PNCs are read in sequence, a movement away from maximalism and in the direction of accommodation is unmistakable. This movement is noticeable on four levels: (1) from explicit emphasis on the objective of the liberation of the "whole" or the "entire" soil of Palestine to the discarding of these adjectives; (2) from explicit reliance on "armed struggle" as the only means for the achievement of liberation to increasing expressions of the need for political activity in addition to this "armed struggle," and of readiness to attend international peace conferences as well as to meet with "progressive" Jewish elements from both inside and outside Israel; (3) from repeated statements about the "secular democratic state" over the whole of Palestine as the ultimate objective to an increasing de-emphasis of this objective; and (4) from repeated and vehement rejection of a "political entity" or a "ministate" in the post-1967 Occupied Territories to an implied though conditional acceptance of such a state. It remains to make explicit what is implied in this movement. That is the task of quiet diplomacy.

The Arab countries that are pivotal for a solution of the Palestine problem are the radicals: Syria and Iraq. Neither Jordan nor Saudi Arabia could sponsor a solution unacceptable to both

[3] The Covenant uses such phrases as: "elimination of the Zionist presence in Palestine" (Article 15); "entire illegality of the United Nations partition of Palestine in 1947 and the establishment of Israel there" (Article 19); "since the liberation of Palestine will involve the destruction of the Zionist and imperialistic presence therein . . . ." (Article 22).

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or either of these two. Damascus and Baghdad are the ideological capitals of pan-Arabism, and in fact much of the tension between them is over its leadership.

The quintessence of Camp David is: *Egypt* first. Neither Syria's President, Hafez al-Assad, nor Iraq's President, Saddam Hussein—much less Saudi and Jordanian Kings Khalid and Hussein—could appear to be putting *their* respective countries ahead of Palestine. The greater leeway enjoyed by Sadat stems from the political culture of Egypt. This has three main strands: Egyptianism, Islam and Arabism, *in that order*. This writer belongs to a post-1948 generation which spent two decades of its adulthood wooing Nasser's Egypt into the Arab fold in order to balance Israel's overwhelming superiority over the eastern Arabs. Nasser elevated the Arab component of Egypt's policy partly as a result of his own self-image as the champion of pan-Arabism.

Sadat's worldview stood Nasserism on its head. The immediate circumstances of his accession to power were conducive to that end. With honor satisfied by the 1973 War, Sadat led his countrymen back toward their basic ethos: Egyptianism. The basic ethos of the Arabs east of Suez, however, is Arabism, with Islam close behind in the case of Saudi Arabia. That is why Camp David, with its present content and form, is unrepeatable on the other fronts.

If Syria, Iraq and the PLO have a veto among Arabs over a Palestinian settlement, the Saudi role is no less indispensable. The cornerstone of Saudi diplomacy in the post-Nasser era has been the effort to forge a moderate inter-Arab consensus on the Palestine problem, oil policies, regional disputes and international relations in general. Intrinsic to this Saudi diplomacy has been bridge-building with the radicals, Syria and Iraq, and Fatah. No other Arab capital is on speaking terms with as many Arab (and Muslim) capitals as Riyadh. This makes the Saudis the ideal interlocutor between the Arabs (and Muslims) and the West. The greater the prestige of Saudi Arabia in the Arab world, the greater the impact of its moderating influence.

The contours of a settlement on Palestine acceptable to the radicals emerge from the inner deliberations and the published communiqué of the Baghdad Summit of November 1978. Their gist is a sovereign Palestinian state in coexistence with an Israel contained within the 1967 frontiers and Israeli withdrawal to these boundaries in the Golan. This consensus is not dead but hibernating. What is implicit in it should be made explicit. This, too, is the task of quiet diplomacy. A tripartite U.S.-Israeli-Egyp-

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tian strategy to polarize the Arab world is tantamount to sabotaging this burgeoning consensus—the sine qua non of an honorable and peaceful settlement of the Palestine problem.

The assumption that the U.S.S.R. has no interest in a Palestine settlement may or may not be true. What is unquestionable is that the U.S.S.R. will wreck a solution composed and orchestrated exclusively by the United States. The thrust of the top Soviet leadership's advice to the PLO has been along the lines the PLO will now accept. The mercurial nature of Arab regimes with regard to Moscow may have generally sunk into Soviet political consciousness and the Soviets may by now be aware that all Arab regimes are fundamentally nationalist. Further, the Soviets may not relish being dragged to the brink of confrontation with the United States by a runaway ad hoc Arab military coalition—a likely eventuality should no solution of the Palestine problem materialize. They may not relish the prospect of an Arab client being humiliated in a future Arab-Israeli war, nor view with equanimity the Arab trend toward the acquisition of nuclear weapons.

Given all these considerations, the attractions for the Soviet Union of a role as co-guarantor of a settlement as a peer with the United States may not be insignificant. Such a settlement might even fit into a broader global framework of tradeoffs and linkages. And even if the Soviets were to wax oil-thirsty in the 1980s, an agreed quota (in the fullness of time) of Middle East oil within some such general context might be preferable to the risks of making a dash for the oil wells in the face of an over-alert United States. Nor should the face-saving function of Soviet endorsement of a moderate settlement be dismissed. This could be invaluable for both the PLO and the Arab radicals vis-à-vis Arab public opinion.

That the Camp David status quo is something the United States can live with is the most dangerous illusion. There is in fact no such status quo. Within the Camp David framework Israeli colonization policies in the Occupied Territories have been changing the situation on the ground so rapidly that before long the physical basis of a Palestinian settlement will have been removed for all time. No Arab regime (including Egypt) can be reconciled to the permanent loss of the Occupied Territories. Israeli retention of the West Bank, the Gaza Strip, and East Jerusalem *as well as* the Golan maximizes the probability of Arab reaction. The religious ferment in the region could reconfirm Jerusalem's credentials as a catalyst for crusades. Continued public silence by

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Washington on Israel's colonization policies is no asset to the United States in the worlds of Arabdom and Islam. It reinforces the already formidable Israeli constituency against the evacuation of the Occupied Territories.

Israel could badly bloody the PLO again and again but the prospects of the PLO's extirpation are slight. The confrontation in Lebanon between Syria and the PLO, on the one hand, and the Maronite Phalangists, and Israel, on the other, is a probable flashpoint for a fifth Arab-Israeli war. In such a war Israel might march into more than one Arab capital. What it cannot do is control the reverberations. Islamism and Arabism are still powerful forces in Egypt. In the circumstances, mounting pressures could still summon a conscience-stricken Egyptianism from its present limbo. There is no *deus ex machina* in a Labour victory in the Israeli elections. The Labour leader, Shimon Peres, will at best be a hostage of his coalition partners and his Hashemite daydreams.

VIII

The Europeans cannot deliver Israel or the PLO. They don't have to. But there are things that urgently need to be done which the United States cannot and the Europeans can undertake—with an American cautionary yellow light. The Europeans could constructively focus attention on the two principles of "reciprocity" and "coexistence"—the leaven for a modus vivendi. They could draw out the PLO and the Arab radicals on what they have been implying. They could elicit from Israel responses, however guarded, about what in the circumstances it might contemplate. Should the Europeans collectively ascertain the preparedness of this or that protagonist to exchange reciprocal assurances on the basis of coexistence, this should be welcome news. The United States might find the information worthy of building on.

A new hierarchy of priorities could thus emerge. All this fuss about a "strategic consensus" might fall into perspective. Even the AWACS issue might be seen in a different light from both Washington and Riyadh. This could finally render progress on the core issue of Palestine more feasible given the realities of the domestic political setting in the United States.

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Christopher Van Hollen

DON'T ENGULF THE GULF

Five months after Ronald Reagan's inauguration, his Administration's approach to the vital Persian Gulf region is clear—but the logic behind its policies remains obscure. More disturbing, the policies themselves are contradictory and self-defeating; unless modified, they won't work.

Eager to demonstrate American resolve and assertiveness, the new Administration has embarked on a geostrategic East-West military strategy that compounds the errors of the Carter/Brzezinski White House and revives memories of some of John Foster Dulles' more ill-conceived ventures. By concentrating single-mindedly on the Soviet threat to the Gulf, the Administration thus far has failed to shape the type of comprehensive strategy needed to meet the most likely dangers to Western interests—and it has badly misjudged regional realities.

The Reagan approach is based on several assumptions:

— the Soviet Union is the primary threat to a region which supplies about 35 percent of the oil consumed in the free world economy;

— in order to concentrate on thwarting Moscow's expansionism, Washington should deemphasize efforts to resolve the Arab-Israeli dispute;

— Soviet power can best be contained militarily by putting more money and muscle into the Rapid Deployment Force and encouraging a European contribution, even if indirect, to the RDF;

— a "consensus of strategic concerns" should be developed among the countries stretching from Pakistan westward through Saudi Arabia to Egypt and Turkey, and including Israel;

— if a "strategic entity" can be created among these countries, some of the regional states may be persuaded to accept U.S. ground forces—a necessary requirement if the Soviet threat is to be effectively curbed.

Christopher Van Hollen is a Senior Associate at the Carnegie Endowment for International Peace, specializing in U.S. policy toward the Persian Gulf and Southwest Asia. He was Deputy Assistant Secretary of State for Near Eastern and South Asian Affairs from 1969 to 1972 and Ambassador to Sri Lanka from 1972 to 1976.

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This conceptual framework is deficient on a number of counts. The Soviet invasion of Afghanistan upset the regional geopolitical equation, but this does not mean that the Soviet Union is the primary threat to Western interests in the Persian Gulf area. The Islamabad-to-Ankara "strategic entity" theme evokes memories of the containment policies of the 1950s, but it lacks political coherence or a structural underpinning. Any attempt to shape an effective regional security framework, while downplaying the Arab-Israeli issue, is doomed to failure. Equally unrealistic is the belief that Washington can line up the Gulf states in an anti-Soviet phalanx, possibly including U.S. troops, at a time when the littoral countries want to exclude any superpower presence.

A U.S. military buildup *is* an essential response to the Soviet Union's invasion of Afghanistan—the first full-scale Soviet invasion of a country outside Eastern Europe since World War II. But an exclusively anti-Soviet military approach can be dangerously destabilizing if pressed with excessive zeal in the politically volatile Persian Gulf region. A more sophisticated multilateral approach is essential—one that is better attuned to the most likely threats and to regional sensitivities, and that defines "security" in other than simply military terms. Closer attention ought to be directed to the interrelationship between U.S. military measures and the political, economic, energy and alliance policies which are integral parts of a comprehensive security strategy. While military scenarios must be prepared to meet all threats, longer term political planning is also needed to defuse U.S.-Soviet confrontation in the region.

II

Overt Soviet seizure of the Gulf oil fields would—and should—trigger an American military response. Any such Soviet action must be deterred by the clear prospect of a U.S. response not only on the ground but if necessary through retaliation outside the immediate Gulf region that could draw on the full range of military options, not excluding the use of nuclear weapons. A direct Soviet attack on Pakistan could invoke the 1959 bilateral agreement, which provides for possible use of U.S. military force to protect Pakistan against communist-inspired aggression.

But these contingencies are near the bottom of the threat list. The most likely challenges to Western interests will come from wars between regional states, transborder incursions, civil disturbances, oil embargoes or production cuts, or the overthrow of existing regimes. Whether the Soviet Union abets or exploits these

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developments depends upon how it assesses its interests, including its ability to project political, military and subversive power beyond its borders—weighed against the Kremlin's concerns about regional and Western retaliation, and the security of its Muslim Central Asian Republics.

Although a direct Soviet attack on the Gulf is improbable, we must continue to strengthen American global military capabilities and the U.S. naval presence in the Indian Ocean. A substantial naval force is required as long as the Soviet Union remains in Afghanistan, Ethiopia and South Yemen, and Soviet ships operate in adjacent waters. A naval presence provides deterrence against Soviet adventurism, and military and psychological reassurance to Saudi Arabia and other regional states. It also signals American determination, as demonstrated at the outset of the Iraq-Iran war when the two carrier battle groups off the Gulf of Oman reminded both belligerents that the United States along with others would act to ensure free passage through the Strait of Hormuz. Diego Garcia, although 2,200 miles from Hormuz, is an indispensable naval support base and a staging area for P-3 reconnaissance aircraft and, later, for B-52 bombers.

It is also important to create a mobile force which, *in extremis*, can be quickly deployed if truly vital U.S. interests are jeopardized. But as some military analysts and members of Congress have suggested, a small, highly mobile force, based at sea and supplied by sea, might be superior to the ungainly Rapid Deployment Force—which could become "a standing invitation to a military disaster."[1] Aside from its military deficiencies, the RDF is encumbered with political liabilities because of the interventionist rhetoric which has flowed out of Washington since Henry Kissinger's we'll-seize-the-oil-if-we-need-it interview in *Business Week* in 1975. Most Gulf states view the RDF as a threat to their oil resources, rather than as a protector of their national integrity. Moreover, the inevitable escalation in demands for logistical support for the projected 225,000-member RDF carries the risk of imposing intolerable political strains on the four states—Egypt, Kenya, Oman and Somalia—which have granted the United States military facilities.

A naval presence and small mobile force are key instruments of U.S. policy. But the severe limitations on the use of military power to ensure the flow of Gulf oil must be faced realistically. The task

[1] Jeffrey Record, *The Rapid Deployment Force and U.S. Military Intervention in the Persian Gulf*, Cambridge, Ma. and Washington D.C.: Institute for Foreign Policy Analysis, Inc., February 1981, p. 2.

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of protecting the oil fields from attack by regular armed forces or by terrorists is vastly complicated by the expanse of the major fields, the exposed character of the wells, pipelines and loading facilities, and the fact that about two-thirds of the oil is exported through only three ports, controlled by eight pump stations that can be easily destroyed. Even conservative states such as Saudi Arabia have declared that they will blow up the oil fields rather than allow them to fall into foreign hands.

III

The inherent limitations on the use of force in the Gulf do not negate the value of American military power as a deterrent against developments inimical to U.S. interests. They do require a subtle orchestration of U.S. military and political-diplomatic policies. And, as the Carter Administration learned the hard way, and the Reagan Administration is beginning to learn, a successful political-military strategy requires a more sensitive understanding of the new regional realities.

When Secretary of State Cyrus Vance traveled to Saudi Arabia after Camp David, when Defense Secretary Harold Brown visited the Saudis after the Iranian Revolution, and when National Security Adviser Zbigniew Brzezinski flew to Pakistan after the Afghanistan invasion—each was rebuffed in his efforts, respectively, to persuade the Saudis to endorse the Camp David Accords, to induce the Saudis into closer security ties, and to encourage the Pakistanis to accept U.S. arms. These rebuffs to senior Carter officials, and the Reagan Administration's early experiences, underscore the far-reaching but imperfectly understood political and psychological currents that have swept the Gulf and Southwest Asia during the past four years. The geopolitical transformation is attributable in varying degrees to the repercussions from Camp David, the Iranian Revolution, and the Afghanistan invasion—reinforced by the rise of oil power and Islamic fundamentalism, and the surge of nationalistic and nonaligned sentiments. Concerned about the Soviet threat, the local states nonetheless do not want to become pawns of the superpowers or overly beholden either to Washington or Moscow. Yet they continue to hold the United States responsible for the ultimate resolution of the Arab-Israeli conflict.

Secretary of State Alexander Haig's direct exposure to Gulf realities came in early April when he visited Saudi Arabia as part of a Middle East trip designed to demonstrate that the United States is a "credible, reliable, long-term security partner." Saudi

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Crown Prince Fahd and his colleagues expressed appreciation for this stronger American resolve, as they voiced their customary concern over the Soviet Union's intentions in the area. But, dispensing with their typically obscurantist diplomatic style, the Saudi leaders also made it clear that the Arab-Israeli conflict was the centerpiece of their concerns. In effect, they rejected the new Administration's thesis that the Arab-Israeli dispute should be handled "in a strategic framework that recognizes and is responsive to the larger threat of Soviet expansion."

Two weeks later, this thesis was dealt another embarrassing public blow. Citing the "Soviet threat" as the primary reason for the decision, the White House on April 21 announced the President's intention to include five Airborne Warning and Control System (AWACS) aircraft with the F-15 enhancement equipment already promised Saudi Arabia. Israeli Prime Minister Menachem Begin protested bitterly, arguing that the AWACS were a direct threat to the security of Israel. The next day, the Saudi Minister of Petroleum, Ahmed Zaki Yamani, told a New York audience that Israel, not the Soviet Union, posed the primary threat to Saudi Arabia. "Israel," Yamani said, "is the opening through which the Russians creep into the Arab world."

In the aftermath of the educative events of April, there is evidence that the Reagan Administration is tempering its earlier "Russians first" rhetoric. Some officials, for example, now suggest that the efforts to counter Soviet expansion and the Middle East peace process are "mutually reinforcing"; the Lebanese crisis over Syrian missiles has highlighted the complex, multifaceted nature of Middle East problems. But senior policymakers in the Administration still need to develop a more sophisticated appreciation of the political environment in the Middle East and Persian Gulf, rather than to push ahead doggedly in an attempt to construct an anti-Soviet security framework. They should also face up realistically to the weak political infrastructure upon which any "strategic entity" to protect the Gulf might be built.

IV

Those who talk glibly about projecting U.S. military power into the Gulf area convey the impression that there are strong and stable local regimes receptive to U.S. security overtures. In fact, the United States lacks diplomatic relations with the only two littoral states with significant military forces—Iran and Iraq, whose armies are still locked in indecisive combat. Egypt, Turkey

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and Pakistan are of strategic importance, but they are far distant from the Gulf—as are Somalia and Kenya. Thus, in the immediate Gulf area, U.S. on-shore security ties hinge essentially on relations with Saudi Arabia, on the facilities agreement with Oman, and arrangements with Bahrain for calls by the small naval Middle East Force.

Saudi Arabia, the world's largest oil reservoir, is an extraordinarily weak state. With a native-born population of only about five million, and a small 35,000-man army which has never been tested, the Kingdom must rely on outside manpower to run its economy and on outside help for its security. Concerned about the Soviet threat, and about dangers from Iran and South Yemen, the Saudis view the United States as their ultimate protector. But they are schizophrenic. The dominant faction within the House of Saud wants to retain a "special relationship" with Washington despite post-Camp David discords. Yet the Kingdom's leaders fear the effect of highly visible U.S. ties on their role in the Muslim world, on the one million Palestinians who inhabit the Gulf, and on leftist political groups inside and outside the region. Moreover, with still recent memories of the November 1979 Grand Mosque occupation, Saudi leaders also worry about internal dissidence from those who believe the regime is sacrificing Wahabi orthodoxy for forced-draft Western modernization.

U.S. policies must take careful account of this Saudi ambivalence. Washington needs to adopt a lower public profile in its relations with the Kingdom, to limit the number of high-level officials visiting Riyadh, and to desist from pressing the Saudis excessively on issues clearly inconsistent with their perceived interests—such as on military access and bases, oil production and pricing, and sensitive Arab-Israeli questions. We also need to try to monitor the size of the American community in this most Muslim of Muslim countries, where there are now about 45,000 Americans, including 1,000 military advisory and support personnel. This is a small number when compared with more than a million Yemenis and other foreigners but, relative to the size of the Saudi population, it is about seven times as large as the American presence in Iran during the heyday of the Shah.

With the Iranian example also in mind, we ought to keep a closer eye on the level and type of U.S. arms supplied to Saudi Arabia—a country with much less absorptive capacity than the Shah's Iran. Assuming delivery of the equipment now proposed, Washington will have provided since 1975 over $10 billion in military hardware to the small Saudi military establishment,

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which is also buying military equipment from the British, French and Austrians and wants to buy from the West Germans. The AWACS imbroglio highlights the problems inherent in a symbiotic relationship between U.S. professional military personnel and their counterparts in an oil-rich country with almost unlimited financial resources. The U.S. Air Force apparently encouraged the Saudi military leadership to purchase the highly sophisticated airborne radar system despite the Saudis' lack of technical competence to operate it. Senior U.S. civilian officials saw the requirement for long-term U.S. technical support for the AWACS as a way of expanding and extending American military involvement in Saudi Arabia. But the coordinating mechanisms of the National Security Council failed to weigh the importance of advance consultation with the Congress and the Israelis. The result: a potentially "no-win" situation for the Administration.

If we plan primarily against the Soviet threat, when the real threat is internal or regional, our actions may themselves prove destabilizing. By pressing such countries as Saudi Arabia or Oman to accept a large American military involvement, we may unwittingly contribute to our own insecurity. For example, the June 1980 facilities agreement with the Sultanate of Oman is a military asset, at least in the short term. But, on the liability side, Sultan Qaboos bin Said's open association with the United States has already made him more vulnerable to domestic opponents and such enemies as the South Yemenis and Libyans, and the People's Front for the Liberation of Oman. This vulnerability may increase if Washington urges the Omani ruler to expand the American military presence to meet a perceived geostrategic threat from the Soviet Union. If radical local forces overthrow Qaboos, they will be well positioned to seize the strategic Musandam headland, directly adjacent to the Strait of Hormuz chokepoint.

In the case of Pakistan, Reagan Administration officials are negotiating an estimated (but still undefined) $2.5 billion arms and economic assistance package over five years. Pakistan deserves substantially more U.S. support in the aftermath of the Soviet invasion of Afghanistan than President Carter's $400-million two-year "peanuts" offer. But any new U.S. relationship needs to take account of President Zia ul-Haq's lack of popular support, Pakistan's nuclear program, and important American interests in India. It should also recognize Zia's domestic and international political concerns.

The Pakistani President is anxious to protect his country's recently acquired nonaligned status and its role in the Islamic

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world; he does not want excessively to provoke India or the Soviet Union or stir up anti-American domestic opponents. Accordingly, Zia refuses to accept U.S. troops in Pakistan or permit its territory to be used overtly as a conduit for weapons for the Afghan nationalists. Having withdrawn Pakistan from the Central Treaty Organization in 1979, he is unwilling to reestablish security ties with the United States. Therefore, Washington should treat the relationship as essentially a credit arms sales arrangement, while confining the hardware to defensive-type equipment designed primarily to protect Pakistan's frontiers from Soviet-occupied Afghanistan. It would be unwise to press the Pakistanis to enter into formal security arrangements as a quid pro quo for U.S. arms.

Instead of an overly close American identification with Pakistan and the ruling Gulf regimes, we ought to fashion more detached and flexible state-to-state relationships in keeping with local political predilections, and as a hedge against uncertain political futures. A looser posture will make it easier for the United States to weather inevitable regime changes; it will also reduce the temptation to intervene on behalf of incumbent political leaders who are challenged in local power plays where there is no evidence of Soviet manipulation. This somewhat less structured style will not appeal to those with a formalistic approach to foreign affairs. It is a far cry from the days of the Baghdad Pact or CENTO or even the Iran-Saudi Arabia "twin pillar" arrangement. Yet it will be the most practical and durable way to advance American interests in the fluid circumstances of the 1980s.

Similarly, it will be more productive to support local security initiatives than to attempt to shape regionwide strategic arrangements in the face of countervailing political trends. If the current Iraq-Jordan tactical alliance continues, with ties to other Arab Gulf states, there may be a tendency to convert it into a more formal security system after the Gulf war ends. The new Saudi-sponsored Gulf Cooperation Council, consisting of all Arab Gulf states except Iraq, may assume increasing security responsibilities. And talks between Saudi Arabia and Pakistan may result in a substantial increase in Pakistani military personnel in the Kingdom. Those regional initiatives which serve U.S. interests should be tacitly supported and underwritten by appropriate levels of military supply. Instead of fruitlessly trying to create a "strategic entity" stretching from Pakistan to Turkey, the Reagan Administration will achieve greater success by quietly encouraging indigenous security ventures.

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v

U.S. interests in the Persian Gulf and Southwest Asia are integrally linked to developments outside the region. In particular, they are interconnected with U.S. relations with Egypt, Israel and Turkey; with the West European and Japanese allies; with progress toward Middle East peace; and with U.S. energy security policies and those of the 21-nation International Energy Agency.

President Anwar Sadat, who shares most of the Reagan Administration's strategic views, has offered to permit the use of Egyptian territory in time of need for defense of the Gulf. Sadat, however, has refused to allow U.S. troops in the Sinai after that territory is transferred from Israel to Egypt in April 1982—except as part of a multilateral force to monitor the Egyptian-Israeli peace treaty. He is understandably sensitive to possible charges that he recovered the Sinai from Israel only to turn part of it over to the United States for "bases." Sadat has also resisted signing a formal agreement with the United States for military facilities at Ras Banas on the Red Sea. He believes that his countrymen would consider such an agreement an encroachment on their sovereignty, perhaps comparable in their eyes to the Egyptian-Soviet agreement that Sadat scrapped in 1972 when he expelled the Soviet advisers. Because U.S. ties with both Egypt and Israel are critically important, Washington needs to find a formula which will advance the security interests of the three countries without pushing Sadat toward political self-destruction.

Different sensitivities arise in dealing with Turkey, the strategically located NATO country which shares borders with Iran, Iraq and Syria as well as the Soviet Union. Unlike Sadat, General Kenan Evren and other Turkish leaders are unwilling publicly to offer Turkish territory to facilitate the defense of the Persian Gulf, or even to provide explicit private assurances. They are reluctant to have Turkey be seen as a surrogate for U.S. interests in an area from which Turkey derives more than half of its oil. But Turkey could be a major asset for Gulf security, particularly if trouble arises in northern Iran. Without expecting formal advance commitments, we ought to try to develop a dialogue with Ankara on contingencies in the Gulf region, with the hope that the Turks will provide support in time of crisis.

In the case of our West European and Japanese allies, we need to take greater advantage of their better access to Iran and Iraq, while also encouraging additional allied economic and military assistance to the neighboring countries—such as Turkey and

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Pakistan. Any improvement in U.S. relations with the Khomeini regime will be slow and tedious in the aftermath of the 14-month hostage ordeal. Commercial links with Iran should be gradually reestablished, but it is not in Washington's interest to force the pace of political normalization or depart from the essentially neutral stance it has adopted toward the Iraq-Iran war. Our objective ought to be to work through our allies, particularly the Germans and Japanese, to ensure that this strategically most important Gulf state does not tilt toward the Soviet Union through a sense of isolation from the West. Similarly, although the United States has not had diplomatic relations with Iraq for 14 years, the network of French ties with President Saddam Hussein's regime, as well as American, Italian and Japanese commercial connections, can be used to encourage the Baghdad government to keep its distance from Moscow.

But U.S. cooperation with its allies, and particularly with the regional states, can be jeopardized unless Washington is prepared to address the Arab-Israeli problem. The Reagan Administration's early decision to shelve the Palestinian autonomy talks made sense if it was a tactic to buy time until after the Israeli election. A decision to downgrade the peace process for the longer term is fraught with danger—as attested by the crisis over the Syrian missiles in Lebanon.

Peace between Israel and the Arab states will not be a panacea, ensuring an uninterrupted flow of oil and replacing conflict with tranquillity. The Iranian Revolution and the Iraq-Iran war had nothing to do with the Arab-Israeli dispute; permanent regional stability will remain a chimerical hope. Nonetheless, the Arab-Israeli dispute imposes an enormous burden on U.S. policies.

Specifically, failure of the United States to reengage in the peace process will increasingly strain U.S.-allied relations, limit U.S. political and military access in the Gulf region, enhance the chances of use of the "oil weapon," and play into Moscow's hands. Gulf leaders believe that the Arab-Israeli dispute is a primary source of Soviet influence in the region and is a major contributor to radical political currents throughout the Middle East. By early fall, after the new Israeli government has settled in, Reagan officials must actively resume the quest for a settlement which fully protects the security and integrity of Israel; satisfies the legitimate aspirations of Palestinians; and, ultimately, accommodates Jewish and Muslim interests in Jerusalem.

It is also important to continue to give priority to energy security policies. Although U.S. oil imports have declined 20 percent over

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the past 18 months, it is essential, indeed vital, to avoid the complacency of the 1975–78 period. Europe and Japan remain extraordinarily vulnerable to Gulf oil disruptions, and their impact not only on the economies of key nations but on allied solidarity has been all too vividly demonstrated both in 1973–74 and 1978–79.

The new Administration's complete decontrol of gasoline and crude oil prices was a positive step, but Reagan Administration officials have retrogressed by dismantling many of the Carter conservation programs—and they have failed to press the Congress for funds to fill the Strategic Petroleum Reserve more rapidly. No one has the answer to what would happen if Saudi Arabia, through a change of regime or sharp policy shift, were suddenly to cut its oil production in half. It does not make sense to spend up to $75 billion over the next decade on Persian Gulf defense, and to exhort our allies to do more, unless we concurrently demonstrate a strong national will to reduce dependency on Gulf oil and to reduce the alliance's vulnerability to supply cutoffs.

VI

Oil may eventually prove to be the catalyst for discussions with the Soviet Union on the Gulf region, but prospects for dialogue are remote in the short term. The Reagan Administration's priorities are to enhance American military strength and to try to develop a consensus with the regional states and U.S. allies. On their part, the Soviets—despite recurrent propaganda gestures—have not shown a serious interest in discussions since they invaded Afghanistan in December 1979. They have limited themselves to unrealistic political proposals for Afghanistan and equally unrealistic proposals for the Persian Gulf area.

Afghan Prime Minister Babrak Karmal's initiative of May 14, 1980 remains the centerpiece of the Moscow-Kabul diplomacy. In effect, it rules out the withdrawal of Soviet troops until after the cessation of the insurgent uprising and after international recognition of Babrak Karmal's puppet regime. Leonid Brezhnev's doctrine of "peace and security," put forward by the Soviet President in New Delhi last December, bypassed Afghanistan entirely in calling for the removal of foreign military bases from the Persian Gulf and "adjacent islands." Brezhnev said in essence that the Soviets would remain in Afghanistan, but the United States should get out of the Gulf and Diego Garcia. At the 26th Soviet Communist Party Congress in February, he acknowledged

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that Afghanistan's "international aspects" might be discussed in conjunction with Gulf security, but he rejected any consideration of "internal Afghan affairs."

Although early U.S.-Soviet discussions are unlikely, policy planners in Washington should look ahead to possible future exchanges with Moscow, including practicable international security arrangements. The Soviet Union already has substantial interests in the region, based upon its superpower status, geographic proximity and security concerns. These interests may increase if the U.S.S.R., although now the world's largest oil producer and second largest exporter, faces declining oil production levels by the middle of the decade. Revised CIA estimates now indicate that the U.S.S.R. itself will not become a net oil importer by 1985; nonetheless, the Kremlin's imperative need to supply Eastern Europe might cause it to develop an increasing involvement in Persian Gulf affairs. Moscow might also seek to drive a wedge between Western Europe and the United States by reviving an earlier Soviet proposal for an all-European energy conference to include the question of access to Gulf oil.

In these circumstances, planners in the Administration might want to explore whether American interests would be served in the future through international agreements involving the United States and the Soviet Union, the regional oil-producing states, and major oil-consuming countries, notably Western Europe and Japan. Consisting of both bilateral and multilateral agreements, such arrangements might include guarantees of free passage, equal access to Persian Gulf oil for all nations, and possibly international endorsement of regional nonalignment. If such proposals demonstrated positive U.S. advantages, they could be put forward on a more formal basis after appropriate soundings among the allies and within the region. They would be linked to Soviet withdrawal from Afghanistan but would not envisage any reduction of U.S. naval forces in the Indian Ocean.

Some might contend that such proposals would "invite" the Soviets into the Gulf and legitimize their presence there through unenforceable international agreements. This argument should be examined on its merits. We are deluding ourselves, however, if we assume that the Soviets are now excluded from the Gulf and lack the capability to expand their activities there. The U.S.S.R. has diplomatic relations with Iran, Iraq and Kuwait, as well as treaties with Iraq and Syria, and one should not rule out the possible resumption of formal diplomatic ties with Saudi Arabia. In the recent past, there have been substantial Soviet arms sales and

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other trade activities with Iran and Iraq and, on a lesser scale, with Kuwait. Soviet naval ships have visited Umm Qasr in Iraq and Soviet hydrographic vessels have called at Kuwait, whose foreign minister visited Moscow in April 1981. Internationally guaranteed arrangements are worth exploring if they can help counteract the Soviet Union's geopolitical and military advantages, while protecting the interests of the United States, the allies, and the regional states.

VII

Some of the foregoing suggestions may have little initial appeal to an Administration that came to power with a Soviet-centered view of the world and the conviction that more American military power would set things aright. But pragmatism and the realities of the Persian Gulf and Southwest Asia should prove better guides to future policies than campaign rhetoric and early public pronouncements, or traditional theorems of international politics.

When the Shah of Iran was overthrown, conventional wisdom held that a dangerous "power vacuum" had been created in the Gulf which the Soviet Union would quickly fill unless the United States created a military "balance of power" in the region. Similar themes are still being echoed by writers who contend that the power vacuum will eventually be filled by one or the other superpower or by both. Members of this school believe that the imbalance of military power in favor of the Soviet Union can be overcome only by stationing enough American troops in the area to offset the Soviet advantage. Otherwise, they warn apocalyptically, the situation is "hopeless." It is only a matter of time before the Soviets seize control of the Gulf as an essential step toward their objective of global predominance.[2]

Such mechanistic and simplistic concepts of "power vacuum" and "balance of power" have only limited relevance today as applied to the United States and the Soviet Union in the Persian Gulf. The Iraq-Iran war has not yet determined what new regional balance of power will prevail, but one thing is clear: the Soviets are as much on the sidelines as the Americans and neither is likely to fill the power vacuum or "pick up the pieces" after the war. The strategic power vacuum thesis tends to overlook the 60 million people living in the eight Gulf states, whose armed forces exceed half-a-million men, or more than double that number if the

[2] For example, see Robert W. Tucker, "The Purposes of American Power," *Foreign Affairs*, Winter 1980–81, pp. 241–274, and "American Power and the Persian Gulf," *Commentary*, November 1980, pp. 25–41.

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population and force levels of neighboring Pakistan are included. Motivated by a strong sense of Islamic and national identity, manifested most heroically today in Afghanistan, these peoples are determined to avoid domination by either superpower. This is not to say that certain countries, notably Saudi Arabia, do not look to the United States for their ultimate security. But they prefer that support "over the horizon," fearing that a closer military embrace will increase their political vulnerability.

We tend seriously to downgrade our potential strength in the Persian Gulf, and substantially inflate that of our opponents, when we measure our security solely in terms of the comparative military forces in the region and our relative power projection capabilities. In geographic and military terms, the Soviet Union's local advantages are overwhelming. Moscow's 24 divisions in the Transcaucasus region cannot be offset by U.S. ground forces even in the unlikely event that some of the countries from Egypt to Pakistan allow Gulf-earmarked troops on their territories.

Despite these handicaps, the United States' position is by no means "hopeless" in a region where Marxist-Leninist doctrines have little appeal. The U.S. naval presence in the Indian Ocean is a valuable element in the American security posture, supplemented by British and French naval units and the French military contingent in Djibouti. These forces provide political and military reassurances to the countries in the region, particularly Saudi Arabia, and are flexible deterrents to Soviet adventures. But the ultimate military balance will not be determined exclusively in regional terms. It depends upon our overall conventional and nuclear military power, the fundamental strength of the American economy, and the alliance's collective ability to maximize its political and military assets in conjunction with those of the regional states.

As we build up our global military strength, if we can reduce our reliance on Persian Gulf oil, restore NATO's confidence in American leadership, and develop subtle regional bilateral relationships, we will be able to strengthen our security in Southwest Asia despite our local military inferiority. Instead of attempting to obtrude external security arrangements, we need to develop more nuanced ways to capitalize on the local forces of independence and national assertiveness—recognizing that our success will be constrained as long as the Arab-Israeli issue remains unresolved. And because the Soviet Union will continue to have substantial interests in the Gulf area, which may grow with its oil needs, we ought to examine privately the possibility of developing

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longer term international arrangements to meet the interests of the two superpowers, the regional states and our allies.

A short- and long-term strategy along these lines should have more chance of success than the Reagan Administration's one-dimensional military approach. Remembering the Soviet Union's experiences in Egypt, Somalia and Sudan, and the United States' experience in Iran, we should not try to engulf the Gulf with troops or advisers, bases or facilities, or excessive military hardware. A "laid-back" rather than a forward military posture will better serve the interests of the United States.

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Walter J. Levy

OIL: AN AGENDA FOR THE 1980s

A year ago, in reviewing the problems of oil supplies and Western security, I focused on the deplorable developments that had occurred during 1979, and emphasized the grave dangers involved if most of the oil-consuming nations remained dependent on oil from the Organization of Petroleum Exporting Countries, and were unable to achieve effective international coordination of their energy policies.[1] It now appears appropriate to examine how circumstances have changed—or remained unchanged—during the intervening year, and to suggest lines of action, for both the short and medium term, that should be pursued vigorously.

Events since the spring of 1980 continue to make apparent the inherent dangers for the non-communist world of dependence on insecure sources of oil supplies. Despite generally abundant oil availability, OPEC nations raised official crude oil prices from an average of $20 per barrel in September 1979 to $32 per barrel by August 1980. In the following month came yet another major oil supply disruption, this time the result of the outbreak of war between two OPEC nations, Iraq and Iran. This war, which still continues, brought about a sudden reduction of approximately four million barrels daily (b/d) in available world oil supplies, and for a while threatened an upheaval of the same magnitude as followed the 1978–79 Iranian Revolution.

However, this time the major oil-consuming nations and their oil companies were in a considerably stronger position. Very substantial oil inventories had been accumulated in response to events of the previous year. Through the availability of these stocks, weak oil demand, and the prompt Saudi Arabian action of increasing its production to partially offset lost Iranian and Iraqi oil exports, the importing nations managed to avoid the disastrous spot-market competition which had done so much to cause the price explosion of 1979. Nevertheless, in December 1980 the OPEC nations imposed still further price increases, bringing the level of

[1] See Walter J. Levy, "Oil and the Decline of the West," *Foreign Affairs*, Summer 1980, pp. 999-1015.

Walter J. Levy is a consultant to industry and governments.

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permitted "maximum" official sales prices up to $41 per barrel. And, by January 1981, the average of official OPEC sales prices had risen to $35 per barrel.

The ensuing world oil glut and accompanying price weakness served to highlight the crucial role of Saudi Arabia within OPEC. The Saudi decision to increase its production from a "normal" level of 8.5 to 10.2 million b/d and to maintain its "marker" crude price at $32 per barrel represented a determined effort to persuade other OPEC nations to moderate their price increases. These Saudi actions helped the major oil-consuming countries to fare much better than might have been expected in the face of the Iraqi and Iranian supply reductions.

Meanwhile, the combination of three factors—economic recession in the industrialized nations, the progressive removal of price controls on oil produced in the United States, and the response of international oil markets in general to substantially higher oil prices—began to have a major impact on oil demand. Oil consumption dropped significantly in Western Europe, Japan and especially the United States—where the required level of oil imports declined to 6.5 million b/d in the first quarter of 1981 from 7.9 million b/d over the same period a year earlier. It began to appear that improved energy conservation together with the expansion of non-oil energy sources might lead to a situation where future requirements for OPEC oil would be very substantially lower than had been generally forecast prior to 1981.

At the same time, the position of OPEC countries was beginning to show signs of fundamental change. The Iranian Revolution had brought home to all of them the grave dangers of forced-draft economic development, with all its difficult political and social implications. Most of these nations also were concerned about the drastic impact of worldwide inflation on the value of investments they were continuing to make in the industrialized world. Thus, many OPEC nations increasingly emphasized the desirability of limiting output, so as to produce only the amounts of revenue needed for their national economic needs. Moreover, they increasingly realized that if in fact they limited production and exports, they could in many circumstances expect to see substantial price rises in the resulting tight oil market. And they might be able to cover their revenue needs even with lower levels of production.

In contrast, other OPEC members, Saudi Arabia in particular, demonstrated an acute awareness of the potential damage that would be inflicted on both major industrialized nations and less developed countries by a policy of limiting output in order to raise

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real (inflation-discounted) oil prices. The Saudis also realized that such higher prices, by accelerating the pace of conservation and production of oil and non-oil energy substitutes outside OPEC countries, could seriously restrict current, and even more so future, levels of demand for OPEC oil. But, with the first group of OPEC countries strongly resisting the Saudi policy of price moderation, the Saudis have been unable to achieve their goal of a unified pricing structure for OPEC. The OPEC meeting at Geneva in May 1981 again failed to reach agreement, with both sides maintaining their price positions (stabilizing prices for the time being, possibly for the rest of 1981), the majority of the participants agreeing on a ten percent reduction in output, but the Saudis adhering to their present production level of 10.2 million b/d. The continuing conflict within OPEC underscores how difficult and complex a task it remains for consuming nations to reach any meaningful accord with OPEC on long-term pricing and supply policies.

These latest developments, following the major structural changes of the international oil industry from the early 1970s, raise questions which must be addressed from a long-term perspective. In the following analysis, I will review the problems posed for the world oil economy during the 1980s—a period for which the strategic, economic and physical preconditions are, to a substantial degree, already apparent. The main thrust of this analysis will be directed toward the issues posed in achieving a balanced accommodation between the vital interests of oil importers and exporters, and the consequences that might ensue if such efforts should unfortunately fail.

First we must consider the outlook for oil in the non-communist world. Do the circumstances of the present oil glut indicate that the world's oil importers will cease to be perilously dependent on OPEC oil exports?

Second, how can the oil-consuming nations better marshal their existing and potential energy resources in an effort to ease the extent and consequences of continued dependence on imported oil? This has to do not only with massive production and conservation efforts but with much more effective coordination of policies to deal with potential disruptions of oil supplies.

Third, assuming that the oil-importing countries are able to achieve comprehensive energy policies, how might such policies assist in moving toward an essential accommodation with the oil-exporting countries, and what are the realistic prospects for such an accommodation?

And finally, what actions are needed to contain and possibly

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deter contingencies which could disrupt the vital flow of oil from the OPEC countries, especially those in the Persian Gulf? In this regard, what must be considered are not only the dangers of Soviet actions, but also intraregional conflicts, political turbulence or changes of regime in individual producing countries, and the threats that might be posed by drastic changes in the oil policy of one or more producing countries.

II

The experience of the past 18 months is clearly reflected in the latest authoritative projections of world energy balances in the 1980s. Taking account both of the sharp decline of oil demand that has already taken place and of the continued stimulus of higher real oil prices on energy conservation and production of oil and non-oil energy resources outside OPEC, most forecasts now generally anticipate only slight, if any, expansion in non-communist world oil demand over the decade. In contrast, forecasts made as recently as the late 1970s, although projecting only a moderate rate of oil demand growth, nevertheless typically projected a substantial increase in the volume of oil required.

Thus, the latest comprehensive projection by Exxon concludes that oil demand in the non-communist world, excluding OPEC countries, will remain approximately unchanged at 50 million barrels per day through the decade, with the demand of OPEC countries themselves raising the overall total from 53 to 56 million b/d by 1990.[2]

These Exxon projections are predicated on only moderate real growth of the non-communist world's gross national product (GNP)—three percent per year versus five percent over the 1960s, but roughly comparable to the economically troubled 1970s—and on very substantial further improvements in the efficiency of energy utilization. (In the case of the United States, for instance, there would be a projected decline of energy required per thousand dollars of GNP from 5.9 barrels per day of oil equivalent in 1979 to 4.8 barrels by 1990—in terms of constant 1979 dollars.) On these assumptions, but taking account of substantial increases in consumption among the less developed countries (LDCs), total non-communist world energy consumption would increase from 98 to 125 million barrels per day of oil equivalent (b/doe) over this period, or an average annual rate of growth of 2.2 percent.

Exxon anticipates massive development of non-oil energy resources between 1979 and 1990. Total non-oil energy supplies

[2] Exxon, "World Energy Outlook," December 1980.

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would increase from 45 to 69 million b/doe and their share in meeting non-communist world energy demand would increase from 46 percent in 1979 to 55 percent by 1990. For example:

—Gas supply would rise from 18 to 23 million b/doe despite the effects of sharply declining production from current sources of supply.

—Coal output would advance from 17 to 26 million b/doe even excluding expanding volumes of coal used in the production of synthetic oil and gas.

—The combined contribution of nuclear, hydro, geothermal, solar, gasohol, and other miscellaneous sources of commercial energy would rise from ten to just under 20 million b/doe, accounting for the largest part of the non-communist world's incremental energy supply.

Reflecting the increased incentives provided by higher real oil prices on efforts for exploration and development of new sources of oil supply, total oil production outside OPEC is forecast to advance from 21 million b/d in 1979 to 26 million in 1990. This increase would include a rapid commercial expansion of synthetic liquids production (from such sources as shale oil, tar sands and coal), which would rise from current fractional amounts to upwards of two million b/d. To meet the non-communist world's oil needs of 56 million b/d, the level of OPEC production required would still be 30 million b/d, less than the 32 million b/d OPEC produced in 1979 but five million b/d above the currently depressed OPEC production level of approximately 25 million b/d.

The Exxon projections also indicate that during the present decade annual non-communist world oil production will exceed new discoveries, and accordingly, the reserves-to-production ratio will decline from 29 years to about 24 years by 1990. This is predicated on the assumption that OPEC countries maintain their oil output at levels that accommodate the future needs of the oil-importing countries and do not restrict production in order to stretch the life of their reserves.

In sum, although it now appears that conservation and alternate energy supplies will combine to make oil demand a significantly smaller percentage of total energy use than it has been in the past two decades, the projections still indicate a major oil requirement and continued substantial dependence on OPEC oil. Even if the total oil demand should fall by 1990 substantially below that projected by Exxon, there is no realistic prospect that either the major industrialized countries or the LDCs can become anywhere near self-sufficient or reliant on non-OPEC sources.

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Moreover, as the current world oil surplus well illustrates, the world remains enormously dependent on the production policies followed by one key OPEC country, Saudi Arabia. However, the Saudi policy of maintaining its oil production well in excess of market requirements and at prices well below the general OPEC level provides no realistic basis for anticipating long-term oil market weakness. In an interview on U.S. television, Saudi Oil Minister Yamani bluntly described the 1981 oil situation as a glut that "we engineered . . . in order to stabilize the price of oil." Sheikh Yamani also indicated that the Saudis could "live happily" by reducing their production from over ten million b/d to as little as six million b/d if such a reduction were required to support a unified OPEC pricing policy.

If world oil demand should remain depressed and if surplus production should continue (reflecting either a continuation of current Saudi production policies or the effects of possible restoration of Iranian and Iraqi production, or both), real oil prices will tend to decline as long as such conditions prevail. However, it is extremely unlikely that the Saudis would continue their present policy if oil prices were to tumble below the current Saudi level. Moreover, protracted oil market weakness and declining real oil prices would inevitably retard energy conservation, slow the pace of development of non-OPEC energy resources and thereby detract from efforts by oil importers to decrease dependence on OPEC oil.

Up to now we have focused our review of prospects for world energy balances on the distribution of oil supply and demand for oil-importing countries as a whole, rather than for individual countries. There are, however, widely divergent degrees of dependence on imported oil as between the United States (37 percent of oil supply in 1980), Western Europe (81 percent) and Japan (virtually 100 percent). But all of us have become so interdependent in our political, economic and strategic exposure that there is no individual salvation for any one country. If the United States, for instance, were able to achieve a substantial degree of energy independence, it would of course be an extremely welcome development. However, the less fortunate circumstances of our allies would, nevertheless, still dangerously impinge upon us.

Moreover, even if oil-importing countries do their utmost to reduce their import dependency, and OPEC countries maintain levels of oil production as needed by oil importers and establish a pricing and development policy which (at least from their viewpoint) might be described as moderate, the potential financial

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effects on the overall well-being of the oil-importing world could still be grievous. For the poorer industrialized and less developed countries, it could be even crushing.

In addition to the continuing economic vulnerability of the importers, the events of the past 18 months have again underscored the variety and depth of the political and strategic problems which affect the Persian Gulf. These could, at practically any time and any place, interrupt oil production and thus supplies to importing countries—as they have now done three separate times in the past eight years. Contingencies could arise from the Soviet threat, regional fighting, internal upheavals, terrorism, the festering Arab-Israeli issue, or a sudden shift in the production and pricing policy of one or more OPEC countries. It is nearly certain that we will have to cope with one or even several of these contingencies in the years ahead.

The overriding conclusion is thus inevitable. Even in the short-to-medium term no firm reliance can safely be placed on the future availability of the required volumes of Middle East oil at manageable prices. If nothing else, the experience of the 1970s should have taught us this. In spite of the present world oil glut, the outlook for most of the 1980s still looks to be highly precarious and, accordingly, it would be extremely imprudent if oil importers were to base their planning for the future on current market conditions.

III

In facing the prospects of long-term dependence on imported oil and uncertain oil balances, the consumer nations must redouble their efforts toward instituting a comprehensive, coordinated energy policy. The consumer nations must deal with two types of problems which require close cooperation—improving their energy resources position and coping with oil supply contingencies. It would be the height of folly if efforts to cope with these problems were relaxed because of current easing of world oil balances. These issues should be confronted now in the calm of loose world oil balances rather than later in the storm of some future crisis.

Once in place, a coordinated policy is essential for an effective accommodation between importers and exporters. Except during the present phase of a supply glut, individual importing countries and their oil companies have in the past acquiesced in practically any demand by OPEC countries regarding the volume and price of oil supply and even certain political terms as well. They have

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been inclined to do so out of fear that refusal to submit to the stipulated terms and conditions might jeopardize their ongoing oil supply position. It is not surprising that oil producers have acquired an unrealistic sense of their own power. Unfortunately, they have thus acted as if they could afford to ignore the real degree of interdependence between the political, economic and strategic welfare of the importing and producing countries.

During the 1970s, the essential failure of oil importers to achieve effective cooperation among themselves can be traced, to a considerable extent, to the major shortcomings of U.S. energy policy and the consequent inability of the United States to provide world leadership. After the 1973-74 oil price shock, artificially low oil prices and a rapid buildup of oil imports made it extremely difficult for the United States to assume a constructive role vis-à-vis the rest of the oil-importing world in the coordination of international energy policy initiatives. However, as a result of decontrol of oil prices, sharply declining oil imports, and a revived commitment to building the Strategic Petroleum Reserve, the United States is now in a much stronger position to induce, if not insist on, cooperation among consumer nations.

A comprehensive resources policy on the part of consumer nations must deal with a number of complex issues. Concerted endeavors are vital on the following fronts:

—An optimum energy conservation effort must be pursued through the operation of the price mechanism, tax incentives and other suitable measures. It should be noted, however, that there are obvious limits to how far conservation can successfully be carried before the cost of achieving additional energy savings would exceed the benefits to be derived. Equally, economic vulnerability to any future supply shortfall would increase as conservation progresses because there would be that much less "conservation fat" left.

—A sustained program for oil and gas exploration and development must be put into place, supported by the necessary price and tax incentives. Wherever possible, the creation of a surge productive capacity that would only be available during supply emergencies should be encouraged. In addition, technological and financial assistance for oil projects of LDCs should be extended.

—A policy to replace oil and gas by coal, wherever feasible, should be pursued through investment, tax and other incentives. But if this should prove to be insufficient, direct government involvement may be required; mere market forces may not in all instances be effective, as in the case where electric utilities are able

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automatically to pass on higher oil costs to their customers. Additionally, an internationally coordinated research effort should be undertaken to cope with the environmental hazards of expanded coal use such as air pollution, acid rain, and the problems that might be posed by the possible "greenhouse effect" (i.e., a warming of the earth's atmosphere with a potentially dangerous rise in the level of ocean waters, bringing possible detrimental consequences for coastal areas and also for agriculture).

—The production of synthetic oil and gas should be established and expanded as a matter of highest priority. In addition to a multinational cooperative effort on synthetic fuels research, joint efforts may also be necessary for the commercial development of new productive facilities because of the concentration of coal, shale oil, tar sands and very heavy crude oil in relatively few countries. In this respect, curtailment of the operations of the newly created U.S. Synthetic Fuels Corporation may well prove to be counterproductive. Because of unresolved technological problems, the huge financial cost involved, and the long-deferred and uncertain payout from investment, it is highly questionable whether private industry will launch as massive an effort in this field as is required without substantial government support.

—International cooperation in nuclear research and development is essential, with the problems of waste disposal, nuclear proliferation and plant safety deserving particular attention. In light of the uncertain nature of future energy balances, a large contribution of nuclear energy would be most helpful, if not essential, especially for the many oil-importing countries with a small or virtually non-existent national energy resource base. Accordingly, the development of atomic energy should only be curtailed if the reasons for doing so, after the most exhaustive inquiry, are overwhelming. And even then, international efforts to curtail nuclear energy would probably fail, not only because the Soviet Union would be unlikely to subscribe to such an effort, but also because many of the energy-starved countries might not agree.

—Finally, a major research effort on a coordinated international basis is warranted for the development of energy from so-called exotic sources (e.g., solar, wind and tidal water power) despite the very limited early contribution to energy supplies that can be expected. There is always the chance of a technological breakthrough that could change future prospects.

In addition to establishing a mutually cooperative and progres-

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sive energy resources policy, consumer nations must move to develop more effective means of coping with oil supply disruptions. The absence of effective oil importer coordination greatly contributed to the 1973–74 and 1979 oil price explosions. A responsible policy for energy coordination among oil importers must reflect the underlying likelihood of future supply emergencies.

First, the major importing countries should continue to pursue aggressive stockpiling of substantial oil reserves that would be available for use during future crises. The management of oil stocks must be made subject to a joint or coordinated policy as agreed upon by the relevant oil-importing countries. Past experience has demonstrated that the actions of individual nations or companies can easily run counter to the common good. For instance, the special interests of countries or companies in assuring their future supply availability, or in benefitting from an appreciation of the value of their oil stocks as a result of crisis, might induce them to add to rather than withdraw from their reserves during an emergency. Such a course of action would increase the severity of the crisis and contribute to the upward pressure on prices, as occurred during the Iranian upheaval in 1979.

Second, the oil-importing countries and their companies must agree not to purchase oil at above OPEC official sales prices during a crisis period, or at least be penalized if they should do so. This is necessary because importing countries and their companies are tempted to purchase oil at excessive spot-market prices during periods of actual or even feared future supply shortages. Such transactions do not increase total oil supplies but only serve to redistribute such supplies among importers, forcing countries that are thereby deprived of imports into the spot market at ever-escalating prices. In due course, such higher prices tend to establish a new official level of prices as established by OPEC. All of this has occurred in the past and will continue to do so if there is no policy in place for pre-crisis and crisis cooperation.

Third, there is a need for a policy of equitable sharing of oil supplies among the various importing countries during periods of actual shortages. As presently constituted, the International Energy Agency's oil sharing mechanism is only triggered by a seven percent shortfall. This is clearly inadequate inasmuch as an oil price explosion can occur well before the trigger-level is reached. The terms of reference for the IEA should thus be revised to permit an earlier response to an oil supply crisis. An effective policy for the international sharing of supplies would also tend to reduce the pressure on importing countries and oil companies to obtain

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their requirements on the spot market at whatever cost.

Since the dismal 1979 experience, which pointed up the need for further oil-importer coordination, the IEA Secretariat has been endeavoring to obtain approval from member countries for more responsive crisis management policies. Unfortunately, some of the important IEA countries have continued to resist such changes. It would be most unfortunate for all concerned if such disagreements could not be resolved before the world is confronted by a new supply emergency.

IV

In addition to the energy problems facing oil-importing countries, there are also massive difficulties that confront oil exporters. Oil importers can ignore these only at their own peril. Cooperation, however, can provide a basis for an effective reconciliation of their diverse interests.

To assess the main lines of action for potential importer-exporter accommodation, I will draw upon the underlying assumptions, pricing proposals and policy suggestions contained in the thoughtful report prepared by OPEC's Long-Term Strategy Committee. This committee of OPEC specialists (under the chairmanship of Saudi Oil Minister Yamani since its inception in 1978) presented its recommendations at a special conference of OPEC ministers in May 1980. Although it has become increasingly uncertain whether these specific proposals will be implemented (Sheikh Yamani himself now indicates that some of the committee's proposals may be inappropriate because of changed oil market conditions), the Strategy Report still provides an excellent basis for consideration of issues which must be addressed in order for oil importers and exporters to reach a realistic understanding.[3]

In its outlook for future world oil balances, the Strategy Report cited the growing reluctance of producing countries to produce oil at rates higher than needed for internal development. Fundamentally, this reflects OPEC's preference, if completely uninhibited, to produce only as much oil as needed for its local demand plus a level of exports that would provide for its revenue requirements. Producing countries would, obviously, be very much interested in extending the life of their reserves and the time span during which

[3] Although the text of this report has not been officially released, its key recommendations have been widely summarized both in trade and general publications. My specific point of reference is the summary contained in a special supplement to *Platt's Oilgram*, May 6, 1980. It is noteworthy that the May 1981 Geneva meeting of OPEC directed the Committee to conduct a "further review of OPEC's long-term strategy and present a report to the conference as soon as possible." *New York Times*, May 27, 1981, page D13.

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they could count on substantial oil revenues. With the nagging doubts about the success of efforts to build up viable national economies (not primarily dependent on oil revenues) and concerns about the many economic and social problems that rapid and forced industrial development pose, many OPEC officials would consider a lower rate of oil production and economic development as more responsive to their national welfare and interest. The maintenance by OPEC of higher levels of output than their national economies require thus imposes distinct obligations on the oil-importing world which it cannot afford to ignore—provided that importing countries, in turn, are able to secure adequate supplies of OPEC oil at prices they can afford to pay.

Steps by oil importers to assist OPEC in achieving its long-term objectives for industrialization must cover a wide range of issues. Oil-importing countries must not consider OPEC purchases mainly as a means for recouping as fast as possible their petrodollar outlays. While it might be difficult to discourage some OPEC countries from engaging in uneconomic or otherwise unsound projects, it should at least be tried, especially where the ultimate futility of such expenditures is only too obvious. However, as long as importing countries and companies compete among themselves for lucrative OPEC contracts without any coordination, each one would feel that if it did not get the order, some competing firm would. Similar considerations should apply to the sales of military equipment which can either not effectively be used by the oil-exporting country, or which might lead to overmilitarization, and provoke adventurism and regional conflict. Such self-restraint by Western suppliers can obviously not be achieved easily—if at all—especially as individual OPEC countries may be determined to proceed with certain industrial or military purchases. But a coordinated effort to establish a rational approach to this problem must at least be attempted.

Importing countries must also be prepared to accept the output of new OPEC industrial facilities without discrimination. Admittedly, this might present problems when such output would replace production from existing facilities within the oil-importing world, or when, as is frequently the case, such output is subsidized by non-commercial local supply of energy or feedstock for, say, petrochemical production, or is financed by non-commercial loans. In the latter type of situation, depending on the circumstances, the imposition of some countervailing duties may have to be considered. Nevertheless, to reach a mutual accommodation of long-term economic interests for both sides, constructive and

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determined efforts must be made to deal with these issues.

Oil exporters must also be provided non-discriminatory access to investment opportunities for their surplus funds within importer countries. This would lead to an increase of OPEC ownership in the importers' domestic means of production, including equity interest in corporations, real estate and so on. Where exclusions from such ownership are necessary for security or other essential national interests, they must be applied only on a non-discriminatory basis. Moreover, consideration might also be given by appropriate international institutions to make available to producing countries non-transferable, no- or low-interest bearing bonds that are indexed against inflation.[4]

A closely related area requiring exporter-importer cooperation is the establishment of effective mechanisms to provide financing for oil-related deficits of the weaker oil-importing countries. Private financial institutions which up to now have handled a substantial part of this transfer may over a period of time not be able to continue at the levels that would be required. Also, there may be a need for arranging for a lender of last resort to supplement, or perhaps even to replace, a sizable part of the private recycling flows.

In dealing with the oil-related financial problems of the less developed oil-importing nations, the OPEC strategy document proposed that an international aid program be set up to provide LDCs with financial assistance through loans or grants for balance-of-payments and development purposes. To accomplish this objective, OPEC suggested that a new international organization be established jointly by OPEC and industrialized countries to provide financial aid and technical expertise for the development of the LDCs' energy resources.[5]

OPEC countries with large financial accumulations must be brought increasingly into the international financial support network. Since their own prospects for economic development depend on the solvency of their oil customers, it is obviously very much in their own interests that OPEC countries increasingly cooperate with the financially strong oil-importing countries and international financial institutions. In this way a financing and

[4] For further details, see my "Recycling Surplus Petrodollars via Internationally Issued Indexed Energy Bonds," *Middle East Economic Survey*, April 7, 1980 and *The Institutional Investor*, July 1980.

[5] According to the strategy paper, OPEC's contribution would be based on the cost to LDCs of future oil price increases, put at $3.4 billion per year; and that of the industrialized countries would be related to the rate of inflation of goods exported by them to the LDCs, estimated by OPEC at $9.3 billion annually.

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transfer program could be established that would extend over a number of years, rather than operate on an uncoordinated short-term or ad hoc basis. The implementation of such a financial assistance program, however, would pose many negotiating problems such as that of respective OPEC-OECD financial contributions. In this connection, it should also be noted that the World Bank last year proposed to set up an energy affiliate, to be jointly financed by OPEC, the OECD and the Bank. This effort, it was hoped, would lead to a doubling of energy production by the oil-importing LDCs from the current 7.8 million b/d oil equivalent to over 15 million b/d by 1990, resulting in gross foreign exchange savings at present prices of about $90 billion. It is to be regretted that the United States recently announced that it will neither support the creation of such an organization nor participate in it; I hope this decision will be reconsidered.

The pivotal issue of oil pricing must also be directly confronted as part of the framework for eventual exporter-importer accommodation. OPEC's Strategy Report suggested that oil prices should increase in line with the impact of inflation on international trade and with changes in certain currencies. There also would be a gradual rise in real oil prices—related to the real growth of GNP in OECD countries.[6]

The Strategy Report's pricing position, however, does not answer the key question of what oil price level would provide a reasonable and acceptable base for future escalation under a long-term pricing formula. During the period between 1978 and May 1980, when the OPEC committee prepared its strategy document, crude oil prices rose from about $13 per barrel to some $30 per barrel—a rate of increase far in excess of the committee's own pricing policy proposal. Moreover, OPEC itself stated that "oil prices should in the long-term approximate the cost level of alternative energy supply" and, as Sheikh Yamani explained, this ultimate level should be attained "gradually, not all at once."

Present OPEC prices have even as of now substantially reached the estimated cost of some alternative supplies.[7] Moreover, any

[6] According to OPEC's tentative estimates, the inflation adjustment might be six to nine percent a year, and if the GNP of OECD countries were to advance on the average by three percent per annum, this would result in an average floor price increase of some ten percent a year. In nominal terms, prices would thus double every seven years. If this kind of adjustment had been applied between 1974 and 1980, OPEC prices would have risen from $10.84 to $24.26 per barrel. In fact, prices now are some 50 percent above this level, largely because during the 1979 oil supply crisis spot prices increased wildly, followed by a substantial jump in OPEC prices.

[7] For example, one major oil company recently stated that shale oil and intermediate Btu gas from coal appear to be competitive with oil at current prices.

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realistic approach to oil pricing must provide for a decline as well as for an increase of the real and also the nominal price of OPEC oil when circumstances warrant it. At this time, there is clearly no valid reason for an advance in the real price of OPEC oil. Rather—in line with the Report's own stated policy goals—real oil prices should decline, as it will take many years before substantial quantities of alternative energy can become available. This issue is a proper subject for review by OPEC countries and the importing nations.

In dealing with the problems posed by oil shortages, the OPEC strategy document made a number of recommendations. For the financially weak less developed oil-importing nations, the Report advocated, as a general policy, preferential treatment for the security of oil supplies on the basis of an internal agreement among all OPEC members.[8] The Report also suggested that some price restraint may be called for during shortages because the "bulk of crude and demand for petroleum products is influenced more by the policies of producing and consuming governments than by a free market equilibrium." Once a shortage is over, it considered the possibility of two options—either freezing prices in real terms until the floor price catches up or, alternatively, establishing a new floor price and moving forward from there.

This suggestion for price restraint during future supply disruptions—if it could be implemented—is most constructive. What OPEC countries need for this purpose is the ability to draw on a substantial reserve productive capacity for dampening price increases during a period of oil shortage. Such a reserve could also provide for an unexpected surge in demand so as to make certain that it can be covered without discontinuities. Experience has shown that a mere supply/demand balance is not enough to eliminate upward pressure on prices. With a very uncertain future, maximum availability of oil should at least exceed world demand by several million b/d; otherwise the markets will get nervous. As asserted by the Report, "all the risks in supply forecasts are on the downside." Accordingly, the industrialized countries would require an OPEC assurance of secure oil supplies at manageable prices. Only then will it be possible to establish the confidence of importers in future oil availability.

Finally, how then to establish workable arrangements for future oil exporter/importer dialogues? The OPEC paper recommended

[8] As LDC oil demand (as also OPEC's own domestic requirements) is expanding much more rapidly than that of the industrialized world, the satisfaction of LDC consumption would require an ever-increasing proportion of total oil availabilities.

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starting with informal talks on selected issues with experts from a few countries on each side, to be followed, if successful, by formal OPEC-OECD discussions. This would appear to represent a realistic approach that should be acceptable to the importing countries. It is especially welcome that the strategy paper does not insist that oil discussions must also include all the outstanding issues between the industrialized world and the LDCs.

In practice, initial discussions should include those countries in the two groupings that would in fact have substantial capability to carry out the decisions reached, and would also possess sufficient influence to ensure that such decisions would be implemented by at least most of the other relevant members of their group. This might involve, as lead nations, Saudi Arabia, Kuwait, Venezuela, and, perhaps, Iraq on the side of OPEC; and the United States, Great Britain, Germany, France, Japan, and possibly Italy on the side of OECD.

V

Despite efforts to reach a balanced accommodation with the oil exporters and despite efforts to cope more effectively with oil supply disruptions, the oil-importing countries may nevertheless be confronted by contingencies that could endanger at any time the oil fields and transport routes to the importing countries. Even with Iraqi and Iranian production cut back to a very low level as a result of the war between the two countries, perhaps as much as 15 million b/d or about two-thirds of OPEC's current exports would potentially be at risk. The threat to Persian Gulf oil supplies can come, as we have already noted, not only from Soviet overt or covert operations, but also from the Arab-Israeli conflict, intraregional disputes, internal upheavals or revolutions in major producing countries, and terrorist attacks on oil facilities.

Indeed, the ultimate political, economic and strategic destiny of the importing countries is held hostage in the Persian Gulf, particularly in Saudi Arabia. U.S. Secretary of State Alexander Haig has warned that a potential disruption of access to Persian Gulf oil "would constitute a grave threat to the vital national interest. That must be dealt with; and that does not exclude the use of force if that is necessary."

To keep the threats to oil supply under some measure of control, the diplomatic and economic policies of the major importing countries must be carefully balanced and coordinated. It will not be easy to reconcile the diverse interests and positions of the various members of the Western alliance, including Japan, but

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the underlying common concern in assuring secure access to Persian Gulf oil on manageable terms is overwhelming. What is at issue is the survival of NATO and the whole alliance as an effective and cohesive world power group. Because the stakes are of such magnitude, it should be possible to reach an agreement on a coordinated policy aimed at containing potential threats to the continued availability of Persian Gulf oil.

Such a coordinated policy should include not only the necessary measures for continuing close consultation, but contingent agreement on a limited direct or indirect military contribution by U.S. allies. But the major responsibility for any potential response by force by oil-importing nations falls on the United States because no other Western power can match U.S. military resources. Moreover, no other Western country has the means to check Russia, which would certainly be sorely tempted to interfere in any confrontation affecting oil-importing and producing countries. It is self-evident that a struggle over oil might easily trigger hostilities between the two superpowers. But if the United States is prepared, as it must be, to intercede against a Soviet move into the oil-producing areas of the Persian Gulf, it must equally be prepared to respond to a non-Soviet event, or one not traceable to the Soviets, which threatens the essential flow of oil.

There are many problems which stand in the way of gaining effective regional support for U.S. efforts to defend the Persian Gulf. Even though the Saudis and other producing countries must be aware that they would need protection against hostile Soviet moves, they somehow hope not to be drawn into any East-West conflict. Nearly all of the Persian Gulf nations desire to keep our military power at best at an "over the horizon" distance, and for it to be at their call only when they have become directly involved. They thus ignore that when help finally arrives it may be too late to save them. They apparently fear that a U.S. military presence in their countries would threaten their internal and external security rather than enhance it.

The likelihood that Saudi Arabia or other relevant Middle East countries will give the United States substantial military-related facilities is remote. Such Western facilities, as Prince Saud, the Saudi Foreign Minister, has put it, would be like "lightning rods" that would provoke the Soviets to ask for the same rights. In the meantime, the United States is confronted by the hostility of Iran, Syria, Libya and others in the general area. Colonel Muammar Qaddafi, the Chief of State of Libya, only recently advocated an escalation of pan-Arab activity in order to launch a strategic

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counteroffensive against U.S. imperialism in the Middle East.

Under these conditions, the military potential of the United States in the area must necessarily depend on rapid deployment forces and limited base or supply facilities in Oman, Bahrain, Somalia, Kenya and the Indian Ocean island of Diego Garcia. Even a limited military presence in the area could well have the character of a tripwire.

In countries where our supply facilities are located, we would apparently be prepared to strengthen their internal security forces. In many instances, the entrance fee for obtaining access to facilities would involve supplying military hardware to the country concerned. While this can provide only very limited, if any, capabilities for these countries to resist Soviet incursion, it might well strengthen their position against internal opposition—but it might also tempt them to engage in military adventures against their neighbors to settle old debts. As a matter of fact, the United States may have to contend with a host of problems in those nations where it has been able to obtain facility or supply rights. These problems could affect not only the security and dependability of U.S. tenure, but draw the United States into these nations' internal and external problems—with many potentially difficult and unpredictable consequences.

The recently formed Gulf Cooperation Council may improve some aspects of Persian Gulf security, but it certainly lacks the ability to cope with Soviet incursions. The Council (whose members are Saudi Arabia, Kuwait, Qatar, the United Arab Emirates, Bahrain and Oman) aims to promote economic harmonization, and perhaps very gradual political integration and eventually cooperation on defense and internal security. Apparently, as indicated by the UAE Minister of Petroleum, the group also plans to improve and coordinate the land, sea and air defense of oil fields and terminals. However, many of the member states of the Gulf Cooperation Council lack critical elements of the necessary political, military, educational and human assets. None of them possesses more than a symbolic navy and small land and air forces—which even in the case of Saudi Arabia depend on massive foreign assistance.

In case of a terrorist attack or of regional fighting that would endanger oil installations, an effective joint oil defense and a rapid repair capacity for oil facilities, if and when implemented, could prove to be invaluable. There remain, however, some nagging doubts about the staying power and operating capability of regional organizations. Past experience has not been too comfort-

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ing in the light of national jealousies and fears.

It is noteworthy that the new organization does not include Iraq. While one of the reasons for this omission might be Iraq's war with Iran, there probably is also a substantial amount of distrust and fear about potential Iraqi ambitions for hegemony over Arab Gulf states.

Meanwhile, the Iraq–Iran War continues to pose a wide array of problems which could severely endanger the security of oil supply. The longer the war lasts, and the more remote the chances for a settlement that restores Iranian sovereignty to the thalweg line of the Shatt al Arab, the more likely is the risk of the disintegration of Iran. Iran is threatened by separatist efforts by its large Arab, Kurdish, Azerbaijani and Baluchi minorities and by conflicts between moderates and radicals in the political as well as religious arena.

Clearly, the disintegration of Iran would be a disaster both for the region and for Western interests. It could involve a danger of confrontation with the Soviet Union, a breakdown of the country into various ethnic units, or a takeover by a radical faction, such as the communist Tudeh Party. Any Iraqi takeover of or control over the oil-producing Arab-populated area of Khuzistan would not only strengthen the Iraqi goal of hegemony over Persian Gulf countries, but would also leave the remaining parts of Iran without oil production. They would in fact become international basket cases that would be up for grabs by the Soviet Union or by other neighbors. A takeover of the government by the Tudeh Party would put the western shore of the Persian Gulf under communist control.

If, on the other hand, Iraq should be unable to achieve the main objectives that caused it to enter the war, its government might be in jeopardy, with an extremely uncertain outcome for its own political future. In any case, as of now, Iran is trying its best to unseat the present Iraqi government by inciting its Shi'a majority against the ruling Sunni minority.

If the war should continue indefinitely into the future, the possibility cannot be excluded that Iranian and Iraqi oil facilities would again become targets for attack. Worse still, as a desperate and last gesture, the country threatened with defeat might also try to destroy other oil facilities in the region or attempt to sabotage the flow of oil through the Strait of Hormuz.

In the light of these contingencies, what can or should be done? There are at this stage of the game very few options available. But the deep concern of the United States and its allies about the

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possible consequences of the war must be made clear to all parties concerned, and especially to the Soviet Union. In particular, we should state that we would not acquiesce in any spreading of the war to other areas; nor would we recognize a takeover of the Iranian government by the minority Soviet-inspired or perhaps even Soviet-directed Tudeh Party.

We must, of course, be prepared to face Soviet opposition to such a policy. This is a risk we may have to take, because the consequences of doing nothing might be even worse. The basis for any actions that may have to be taken would be the actual or implied prohibition against aggression under international law or under the U.N. Charter.

The present situation concerning Iran and Iraq illustrates the dangers that may arise either from a regional war or from an internal insurrection. The most obvious justification for Western intervention in either case would be a request for assistance by an involved party.[9] In the case of an insurrection, it would be easiest if the existing government were to ask for help. But even without such a request, intervention would most likely be considered if the revolutionaries receive military or other support from outside hostile forces such as the Soviet Union or any of its proxies. Such outside support would tend to transform the internal struggle into an external one.

If the revolutionaries do not receive any open foreign help, and the threatened government has not been able to ask for Western support, we would still have to consider how best to protect our vital interests if revolutionaries, once in power, cut off essential oil exports. If we are prepared to act in the event of an internal upheaval which jeopardizes our security and is supported by some Soviet assistance, we might equally not be able to afford to remain passive if a link to the Soviets is not self-evident. The basis for action would be the inherent right of every nation of self-preservation.

In addition, there remains the possibility of a nonviolent event that drastically reduces the supply of oil from the Persian Gulf. Even a peaceful change of government or an abrupt shift in the oil policy of major producers could disastrously interfere with the flow of oil if this were to result in a sudden substantial cutback in oil exports or a massive price increase that importers are just not able to pay. As Sheikh Yamani put it, "Saudi Arabia . . . alone is in a position to inflict very severe damage on the world economy

[9] See "Joining in Other People's Wars," *The Economist*, March 7, 1981.

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as a whole or a selected group of nations. . . . If the Saudis simply cut production to the level needed to meet their own development plans there would be a depression in the United States in which the rate of unemployment would at least double, the price of oil would double again and the inflation rate would rise."

It should be stressed, however, that as of now major producing countries in general and Saudi Arabia in particular have not been pursuing policies that would confront the importing countries with such stark issues. Saudi Arabia especially has, wherever possible, followed a course of moderation and has exercised its influence to temper the policies of the more radical oil-exporting countries. There is reason to hope that this moderation will continue inasmuch as oil-producing countries must be aware that an unlimited capacity to destroy cannot be safely used without also incurring the risk of being destroyed. Over the past eight years the major oil-importing nations have accepted very great increases in the price of oil; they have responded fully to the economic and financial demands of OPEC nations and are now well along on programs for conservation and alternate energy production that are enabling the OPEC nations to limit their production and to stretch out the period in which their oil resources will be of enormous importance for the long-term development of the OPEC nations. What they cannot accept is any abrupt change of policy, by one or more major OPEC countries, that would have the effect of reducing production or increasing prices beyond bearable limits.

Clearly, forceful intervention can only be the absolutely last recourse after everything possible to achieve a peaceful settlement has failed, and force should only be used when the most vital interests of the importing countries are in jeopardy. From a realistic point of view, for any military intervention to be acceptable or, at least, to be tolerated by the international community, the case for self-preservation must be obvious and self-evident. Such a response must not give the appearance of being merely the brutal or frivolous application of overwhelming power. It is also important that any intervention quickly succeed, not only to retain public support, but to ensure the effective protection of the jeopardized oil resource.

Obviously, any decision on foreign intervention must take account of all military possibilities, especially since such intervention could trigger a preemptive strike on oil facilities by any one of the warring parties or others. Moreover, it is quite possible that during the 1980s there might be a cluster of small nuclear powers in the

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volatile Middle East–Indian Ocean area, including perhaps Israel, Iraq, Pakistan and India. Contingency planning must certainly address itself to all of these risks. We must also entertain no illusions about the difficulties of maintaining the flow of oil production and exports in war-torn areas in the face of a possible hostile population, or so to speak, of producing oil while sitting on bayonets.

The issues posed here are as serious in their implications for world peace and stability as are those involved in the ultimate nuclear responsibility of the United States for the defense of the Free World. But it is important that everybody concerned be on notice that under extreme conditions, and after all possibilities to resolve a crisis peacefully have been exhausted, the application of power cannot be excluded. No nation can be expected to accept its demise without counteractions.

Whether or not a military response could effectively reestablish access to oil is in many instances by no means certain. However, the willingness, if necessary, to make use of one's deterrent capabilities is the major guarantee, or at least hope, that these capabilities will not have to be tested. The awareness that there exists a risk of a serious confrontation is an essential if unspoken element in establishing bargaining limits between oil exporters and importers.

VI

In this article I have tried to face up frankly to issues that are sometimes put to one side, or discussed only in the internal policy councils of the major nations concerned. I do so in the belief that an honest presentation of positions that would be virtually inevitable in the event of crisis can help to mitigate the chances of any such crisis arising. The importance to the world economy of assured supplies of oil at bearable prices is so great—so essentially unique—that I believe it best to discuss the issues now, at a time when a supply emergency may not appear imminent.

But the main thrust of the article is on the constructive possibilities of the present decade. The world *does* remain heavily dependent on OPEC oil, and especially on oil from the Persian Gulf. For at least the next ten years that dependence will persist even if the importing nations continue—as they must—to take massive action to conserve energy and use it more efficiently and to expand the production of oil outside OPEC and the production of non-oil energy sources. What has happened to oil prices in the

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last decade should be ample incentive to maintain and increase these efforts.

Given such policies, and the other actions outlined in this article, however, the way could be open for a realistic long-term accommodation between the interests of oil-producing countries and those of all oil-importing countries. Both in terms of world economic progress and world peace, such a goal is worthy of the greatest possible effort by all concerned.

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Hollis B. Chenery

RESTRUCTURING THE WORLD ECONOMY: ROUND II

Since 1973, attempts to adjust the structure of the world economy to rapidly rising costs of energy have dominated all other economic issues. Successive efforts to accomplish this objective through international agreements between oil importing and exporting countries have met with very limited success, largely because of the attempt to link them to a range of other problems. On the other hand, adjustment in the narrower sense of maintaining essential supplies of higher cost oil within the existing framework of trade and capital flows has been quite effective for many countries. The annual growth of world oil consumption has been cut from over seven percent before 1973 to less than two percent since then, thereby eliminating the excessive drain on the petroleum resources of the nations in the Organization of Petroleum Exporting Countries (OPEC).

The cost to the world economy of this improvised solution has been quite high. In the industrial countries, half of the reduction in oil demand has been achieved by slowing down growth, largely because of their inability to cope with chronic inflation in any other way. This failure has exacerbated the problems of the less developed countries, which have suffered as much from the fall in their exports to the OECD countries as from the direct impact of the rise in energy prices. There seems little chance that these conditions will improve much until the underlying disequilibrium in energy markets is closer to resolution.

The second major rise in oil prices in 1979-80, again triggered by political events in the Middle East, confronts the world with another round of the energy adjustment. Its initial impact on the international economy has been quite similar to 1974-75: a steep rise in OPEC surpluses and oil importers' deficits, and another drop in world growth as part of the adjustment process. Many analysts see this second oil shock as more intractable, since developing country debts are rising, and the prospects for continued recycling

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Hollis B. Chenery is Vice President, Development Policy, of the World Bank. He is the author of *Redistribution with Growth* and other works. He is indebted to Robert Cassen, Mahbub ul Haq, Helen Hughes, and Peter Pollak for advice in the preparation of this article. The opinions expressed are the author's own and not necessarily those of the World Bank.

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of the OPEC surpluses to the countries that need to borrow seem more problematical.[1] Perhaps worst of all, the measures taken so far do not appear to be leading to solutions to the long-term structural problems of adequate energy supplies, compatible trading patterns, and sustainable international capital flows—not to mention greater equity in the pattern of world growth.

This article presents a dissenting and more optimistic view of the prospects for the world economy. I argue that the energy transition is closer to completion than would appear from the behavior of oil markets, primarily because many countries at first resisted the necessary changes in domestic prices; hence the demand and supply responses to rising prices are only now becoming evident. Second, all parties have learned a great deal from the first round of adjustments over the past eight years. This greater understanding—and particularly the demonstration that in time prices do have a substantial effect on energy demand and supply—should reduce the need for formal international agreements, which have proved to be unattainable so far.

Once the energy adjustment appears more manageable, it should be possible to resume progress on the problems of long-term development, which have been made more difficult for many countries. In general, it will be both easier and less costly to complete the required shift away from oil under conditions of more vigorous international growth than under the depressed conditions of the 1970s. The elimination of periodic energy shortages will itself facilitate a return to more normal growth.

To support these propositions, I will first examine the extent to which the energy adjustment is already in train and then take up the economic interests of the three main groups of participants in the global adjustment: the oil-exporting countries (OPEC), the industrial countries (OECD), and other developing countries (LDCs).

II

The overriding requirement for structural change in the world economy is the shift from dependence on cheap and versatile energy in the forms of oil and natural gas to more plentiful—and expensive—sources. Since a massive reallocation of resources among energy supplies, productive sectors, and nations is needed to transform the world energy economy, other objectives of international development must be adapted to it.

Although the timing and magnitude of the rise in oil prices

[1] Walter J. Levy, "Oil and the Decline of the West," *Foreign Affairs*, Summer 1980, is a leading exposition of this view.

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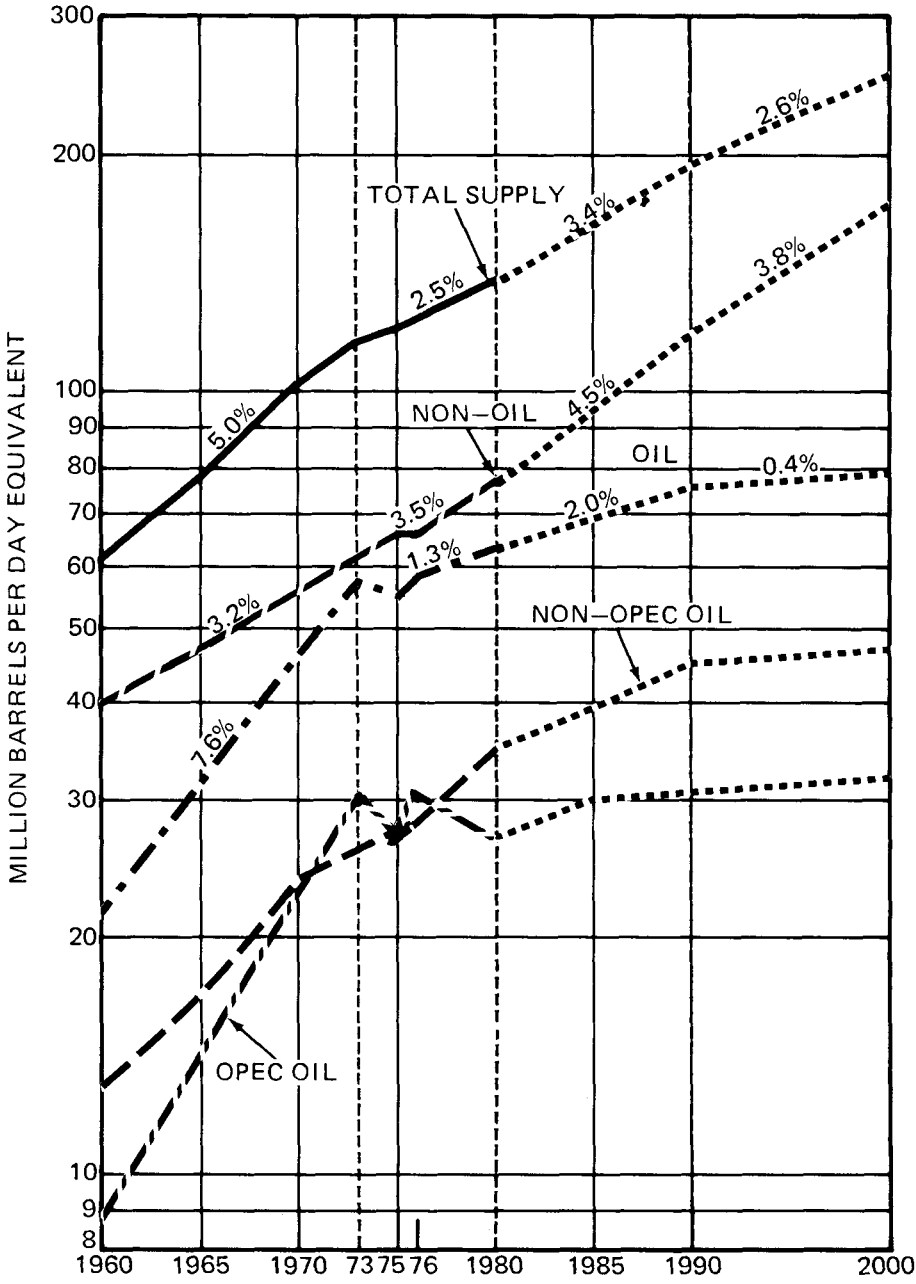
FIGURE 1
WORLD SUPPLY OF PRIMARY ENERGY



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since 1973 is attributable to OPEC, the underlying structure of demand and supply made a large price increase during this period almost inevitable under any form of market control. From 1950 to 1970, new discoveries in the Middle East and elsewhere far exceeded the increase in demand, and oil prices declined by 50 percent in real (inflation-discounted) terms. As a result, oil rapidly replaced coal—the dominant energy source in the 1950s—and by 1973 was supplying half of the world's energy.

The supply conditions were reversed after 1970: the continued growth of demand outran the increase in petroleum reserves and created upward pressure on prices. While the fourfold increase in price resulting from the OPEC actions of 1973 proved to be somewhat more than the market would sustain, by 1978 supply and demand for OPEC oil were again closely balanced at a price level about three times that of 1972 in real terms.

In the long run the most important feature of the shift in market control from the international oil companies to the OPEC governments has been the change in price policies to favor producers rather than consumers. Virtually all oil exporting countries have now reevaluated their production and export targets in the light of their overall development objectives. The larger economies, which are able to absorb all their oil revenues for development purposes—Algeria, Nigeria, Indonesia, Venezuela—have adopted production targets close to their sustainable productive capacity. On the other hand, the six countries with large capacity in relation to their current development needs—Saudi Arabia, Kuwait, the United Arab Emirates, Qatar, Libya and Iraq—have tended to reduce their export targets as oil prices have risen. Since these oil surplus countries account for two-thirds of OPEC capacity, the result of this reassessment has been to maintain OPEC output fairly constant at about the 1973 level of 31 million barrels per day, and it is not expected to exceed this level in the future. Other petroleum exporters—Mexico, Canada, the United Kingdom, Norway—have also taken measures to conserve oil supplies and limit the growth of exports.

This drastic shift in the supply policies of some of the oil-exporting countries is the major determinant of the adjustment that is currently required in the world energy market. The resulting differences in past and projected behavior between oil on the one hand and coal and other sources on the other are shown in Figure 1, opposite.[2] In the period 1960–73, oil from OPEC countries

[2] The data in this and other Figures are taken from the World Bank, *World Development Report, 1981*. Supporting material will be found in this Report.

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supplied 40 percent of the total increase in world primary energy. Since then, the growth of OPEC supplies has stopped entirely and growth from other oil producers is slowing down; despite large price rises, other energy sources have not yet been able to accelerate to any great extent. The annual increase in energy use has therefore been reduced from about five percent in the 1960s to 2.5 percent since 1973 through higher prices, reduced demand and slower growth.

If this shift in supply conditions had taken place with some advance notice over a period of 20 years or more, it could have been absorbed with little effect on world growth and with ample lead time to develop new supplies and economize on energy use. It was the suddenness of these changes that created an oil crisis. By the same token, the resulting problems can be resolved by adjusting energy supply and demand to the higher prices of oil as rapidly as possible.

Because of the lead times involved, the solutions to the existing disequilibrium in energy markets had to come in two stages. In the first stage the principal adjustments have been mainly on the demand side, through economic responses to higher prices: conservation and slowing down growth. The fact that coal, synthetic fuels and other energy sources are potentially in plentiful supply can have little effect until sufficient investment has taken place in the energy system—mining, processing, transport and using equipment—to provide effective alternative sources to consumers.

A similar process of restructuring is required in the oil-exporting countries before they can take full advantage of their increased revenues for development purposes and thus enable consumers to pay for their imported oil through increased exports. In this first stage the willingness of oil-exporting countries to produce in excess of their immediate needs and lend their surplus funds to the importers has played a crucial role in cushioning the adjustment.

The second stage of the global adjustment will come about as the supply-side measures that are now profitable produce significant effects on energy availability and lead to a substitution of more plentiful sources for oil (and later gas). As these additional supplies start to affect energy prices, the market power of oil exporters will be reduced, prices will become more stable, and oil will again become just another commodity. In the process the share of energy in the world's GNP will have gone from four percent to perhaps ten percent, reflecting not so much monopoly power as the cost of the resources needed to produce it.

This diagnosis leads to two critical questions for national and international policy. How can we accelerate the onset of the

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second stage, in which the potential for instability and global disruption from the energy sector will be gradually reduced? And in the meantime, how can we better cushion the effects of rising prices and shifting supplies so that the costs to the world economy, and particularly to the poor countries (and poor people in rich countries) is limited?[3]

III

To answer these questions it is necessary to examine the various ways in which the world economy has absorbed the effects of the oil shocks and begun to make necessary adaptations in economic structures. There are four distinct mechanisms by which countries have adjusted to higher oil prices in the 1970s and will continue to do so in the 1980s: (1) an *energy adjustment* or shift in demand and supply in response to prices; (2) a *trade adjustment* through expanding exports or limiting imports in order to pay for higher cost oil; (3) a *financial adjustment* through capital flows from oil exporters to oil importers; (4) a *growth adjustment*—when all else fails—to limit energy demand by reducing GNP growth. The first two—changes in energy use and trade—constitute permanent structural adjustments that enable an energy-importing country to resume its normal growth without further strains. The other two—borrowing and reducing growth—are more temporary adaptations that are needed to bridge the interval during which structural adjustments are being completed.

These adjustment mechanisms in combination provide much greater flexibility to the world economy than would any one or two of them in isolation. To exploit this potential requires the support or at least acquiescence of the major parties involved: capital surplus countries, private banks, international financial institutions, energy producers, etc. The following discussion assesses the prospects for further adjustment in the light of the past performance of these four mechanisms.

Energy Adjustment. In summary terms, the oil shock of 1973 consisted in a cessation of growth in OPEC supplies, which had contributed 63 percent of the increase in the world's oil in the previous decade. Although the associated quadrupling of international oil prices set in motion a variety of efforts to develop

[3] In an article on the first energy crisis ("Restructuring the World Economy," *Foreign Affairs*, January 1975), I tried to show the difference between more and less effective adjustments by the industrial countries. In the event, their performance has been closer to the more pessimistic scenario, although the first oil shock itself was not so damaging to the world economy as had been anticipated.

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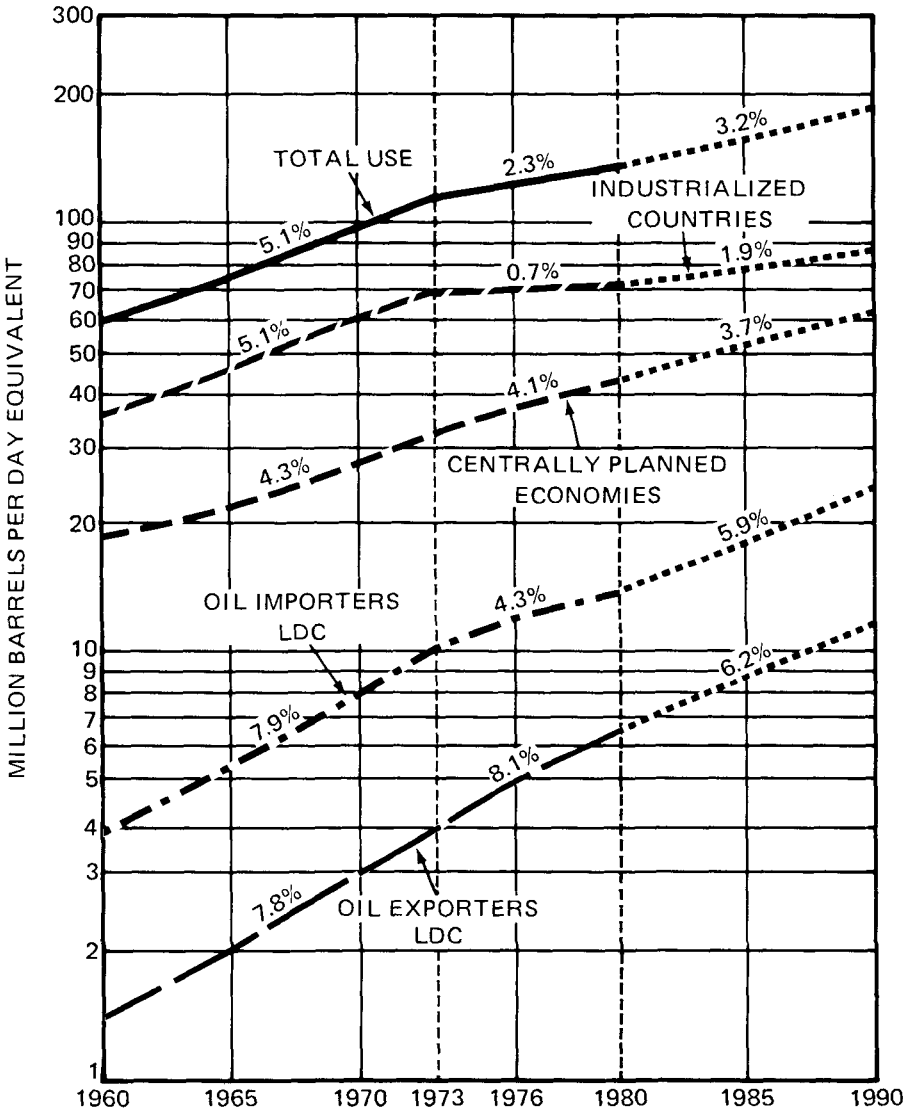
FIGURE 2
WORLD DEMAND FOR PRIMARY ENERGY



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alternative supplies, their effect will only be felt in the 1980s. The first energy adjustment therefore had to take place almost entirely on the side of demand.

The distribution of primary energy use by groups of countries, and the way in which the cut in energy growth was shared among them, are shown in Figure 2, opposite. If prior trends in world growth and energy use had continued to 1980, the demand for energy would have been higher by some 30 million barrels per day of oil equivalent than the actual consumption of 135 million b/doe. Nearly 90 percent of this reduction in energy use took place in the industrial market-economy countries, although their share of total consumption was less than 60 percent.

In order to use this experience in evaluating the future, it is necessary to separate the effects of rising prices from those of recession and slow growth. Despite the tripling of international oil prices in real terms, the average energy prices to users in the principal OECD countries rose only about 60 percent between 1973 and 1979. The net result of rising cost and conservation was a fall in energy use per unit of GNP of 12 percent, or two percent per year. However, since a full reaction to higher prices requires retrofitting or replacing equipment, the long-term effect of past price rises may be twice as great.[4]

Even though the responsiveness of energy demand to rising prices has turned out to be higher than many experts anticipated, it has accounted for less than half of the reduction in demand that actually took place. The major factor has been the reduction in growth of the OECD countries from 4.7 percent a year in the 1960s to 2.5 percent since 1973. Although part of this reduction in growth was probably unavoidable, it need not be repeated in the 1980s if energy supplies increase at the rates that are generally projected.

Among the other groups of consuming countries, effects of higher prices and slower growth have been significant only in the oil-importing developing countries. Since their further development requires a proportionately greater use of commercial energy as they industrialize, the scope for energy conservation is limited. Even with rising prices, energy demand can be expected to grow as fast as GNP. As for the oil-exporting countries, they have so far

[4] This relation is usually expressed as the price elasticity of demand: the percentage fall in use induced by a one percent rise in price. The evidence cited gives an elasticity of 0.2, which is consistent with a long-term value for the OECD countries of the order of 0.4 or 0.5. Estimates of this elasticity from a variety of sources range from 0.2 to 0.8. Energy Modeling Forum, *Aggregate Elasticity of Energy Demand*, Stanford, 1980.

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not adjusted their domestic prices to international levels, and energy consumption has increased at a high rate.

The projections of energy demand to 1990 in Figure 2 represent a pattern of use that is consistent with a recovery of growth in world income and a continuation of the adjustment of demand to rising prices that is already in evidence. The projections assume a recovery of OECD growth to a four percent rate in the latter part of the decade, which can be sustained by a growth in energy use of about two percent. With this declining share for the industrial countries, the growth of world energy supplies indicated in Figure 1 would be sufficient to sustain the more rapid growth of energy use that is needed by the developing countries.

Financial Adjustment. The "recycling" of surplus oil revenues to deficit oil importers has been the most spectacular and widely noted feature of the adjustment to higher oil prices. It is largely a result of the concentration of two-thirds of OPEC production (and three-quarters of reserves) in six arid, sparsely settled countries whose oil revenues have for the time being outrun their ability to use them productively for their own development. This group of "capital surplus" countries has become the main source of the recurring financial surpluses, which tend to increase after a price rise and are then reduced as incomes and import demands rise in each country.

The OPEC surpluses are mainly channeled through the world's capital markets and lead to increased lending to oil importers. These loans reduce or eliminate the need to slow down growth during the interval in which structural adjustments are taking place in energy markets and in international trade. The additional capital also accelerates the rise in investment needed for energy production and other forms of import substitution or export expansion.

Two cycles of rising and declining surpluses in the two groups of oil-exporting countries are shown in Figure 3A—the first covering 1973 to 1978 and the second extending to the late 1980s. The corresponding deficits of the oil importers appear in Figure 3B. In the first cycle the magnitude of the $90-billion (1978 dollars) increase in the surpluses was determined by the OPEC decision to raise oil prices in 1973, but the rapid declines resulted from the spending decisions of the individual exporting countries. Only two countries were still in surplus by 1978.

The division of the deficits between the two groups of oil importers—industrial and developing—is largely determined by the different policies followed by the two groups. On the one

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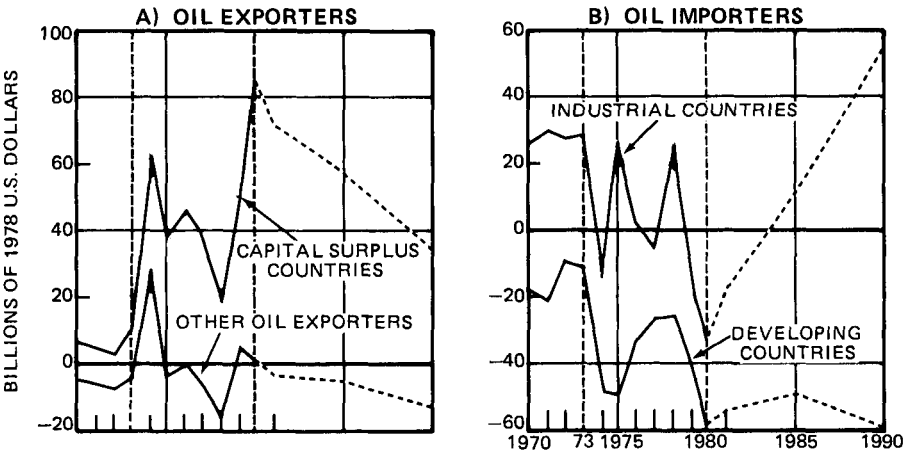
FIGURE 3
CURRENT ACCOUNT BALANCES



hand, many developing countries first tried with considerable success to maintain their growth through additional borrowing. They then reduced their excess borrowing over a four-year period to its previous level of 2.5 percent of GNP. The industrial countries, on the other hand, were unable to avoid a severe recession in 1975 and hence returned to a surplus position much more quickly.

The 80 percent rise in oil prices of 1979-80 (in real terms) has produced another temporary disequilibrium of comparable magnitude between oil importers and exporters. This time the deficit of the oil-importing developing countries is about the same in relation to their GNP as in 1974 (nearly five percent), but the OECD countries now have a larger proportion of the total deficit. As before, the rate at which these deficits are reduced will be determined primarily by the oil production and spending policies of the surplus countries. So long as their surpluses are recycled in relation to the borrowers' needs for investment and imports, they permit the energy adjustment to be spread over several years and help to maintain world growth. The adjustment pattern shown here—which assumes an annual rise in oil prices of three percent in real terms—implies a return to the general pattern of surpluses and deficits of 1970 by the late 1980s, but many variants are equally plausible.

Trade Adjustment. In the long run the disequilibrium in world trade produced by rising energy prices can only be offset by either a reduction in imports (including oil) by the deficit countries or by the expansion of their exports. In the first cycle of adjustment

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the OPEC countries facilitated the trade adjustment by a remarkably rapid increase in imports of 25 percent per year from 1974 to 1978. While this rapid acceleration involved considerable waste of resources by some of the oil exporters, it also made it easier for the rest of the world to pay for their imports.

This final step in the energy adjustment affected the main country groups quite differently. The transfer was easiest for the industrial countries, since 80 percent of the increase in OPEC imports was purchased from them. Most of the developing countries had to resort to triangular trade with the OECD countries, since they do not produce the industrial goods and sophisticated equipment required by the OPEC countries in sufficient quantity to pay for their oil.

The trade adjustment has been most difficult for the poorer countries. Their exports have been most affected by the slowdown in OECD growth and they have less to sell to the OPEC countries directly. Except for the poor countries that have sent large numbers of migrant workers to the Gulf states,[5] the increase in their oil bills has cost them more than the total increase in their foreign exchange earnings since 1973. Many of the countries have only been able to adjust to this loss of foreign exchange by cutting down the growth of per capita income or in some cases stopping it entirely.

IV

In looking forward to the next round in the continuing adjustment to higher cost energy, there are several lessons to be learned from round one. The oil price increase in 1973 represented a claim by oil exporters equal to about ten percent of the annual value of world exports or two percent of world GNP. By 1979 this resource transfer had been essentially completed through increased imports and—to a much lesser extent—by the acquisition of foreign assets by the oil exporters.

Although the international economy was not significantly weakened by the adjustments that were necessary to bring about this transfer, the cost to the oil importers in lost growth was several times as great as the two percent of GNP that has changed hands. In part this loss of growth was due to the unfamiliarity of the problems faced by policymakers or their inability to act on their diagnosis—as in the case of U.S. energy policy until quite recently.

Since it follows a period of large increases in international oil

[5] These countries include India, Pakistan, Bangladesh and North and South Yemen.

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costs, 1981 has much in common with 1975. The price increase of 1979–80 has again produced a temporary surplus on world markets, which tends to reduce the perceived urgency of future adjustments. However, this slack market condition should be recognized as mainly the result of the slowdown in world growth, not the sign of a sustainable solution. The general thrust of recent studies of world energy prospects is remarkably uniform.[6] A sustainable pattern of energy use can only be obtained at prices that will promote energy saving and permit other sources to replace oil and gas as the main source of energy growth. In the face of uncertainty as to the timing of future oil price rises, there is greater economic (and political) risk in delaying the measures needed to complete the energy transition than in implementing them too soon.

Since an oil price at least as high as the present average of $34 per barrel in real terms—with some further increase over the decade—is likely, the oil importers are again faced with the prospect of transferring an additional two or three percent of their GNP to the exporting countries over the next several years. While transfers of this magnitude are painful, they have been made in the past few years with little loss of growth by several industrial and developing countries, once they have accepted the need to restrain the increase in consumption somewhat below the growth of income.

It is widely believed that the events of recent years have weakened the world economy and made further adjustment to rising energy prices more difficult. In support of this position are the existing high level of lending to developing countries by commercial banks, the difficulties that some of these countries have had in exporting to the industrial countries, and the growing reluctance of the OECD countries to increase concessional aid to the poor countries. These problems need to be addressed in designing more effective adjustment policies.

There are two main grounds for optimism. First is the experience acquired by all participants in the international economy in coping with inflation, worsened terms of trade, and recession in the past seven years. Second, by 1981 the effects of earlier policies and rises in energy prices are already slowing down the growth of

[6] See, for example, Robert Stobaugh and Daniel Yergin, "After the Second Shock: Pragmatic Energy Strategies," *Foreign Affairs*, Spring 1979; Resources for the Future, *Energy: The Next Twenty Years*, Cambridge, Ma.: Ballinger, 1979; World Coal Study, *Coal-Bridge to the Future*, Ballinger 1980; Exxon Corporation, *World Energy Outlook*, December 1980; U.S. Department of Energy, Energy Information Administration, *1980 Annual Report to Congress*.

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energy demand and shifting resources to new sources of supply. In sum, the main problem is not whether the world economy can survive another round of repercussions from higher energy prices, but whether it can do so without as much unnecessary damage to economic growth and social equity as took place in the 1970s.

The prospects for reducing the large indirect costs of higher energy prices thus hinge to a large extent on the ability of policymakers to learn from past experience and to acquire a better perception of the way in which different countries can adjust to the structural changes that are now under way. This argument will be developed further by examining in turn the roles of the three main groups of participants.

V

More than 20 developing countries containing 20 percent of the population of the Third World are significant exporters of petroleum.[7] Their common objective is rapid development supported by higher export revenues. Although the rise in oil prices has often generated internal tensions, this group has benefitted substantially from accelerated economic growth and industrialization. Most of these countries have rapidly absorbed their increased oil revenues and indeed used them as a basis for additional borrowing.

The six capital surplus countries have more complex objectives and a wider range of policy choices than the other oil-producing countries. Internally, they are trying to use their oil reserves over a period of several decades to create more balanced economies.[8] Since 1973 their non-oil sectors have been growing annually at 10-15 percent in real terms and their imports at 25-30 percent. This rapid growth almost eliminated the OPEC surplus by 1978 and eased the adjustment problems of the OECD countries, which supply most of their imports.

As oil prices have risen, the levels of oil exports needed to supply the foreign exchange required for development have declined. In deciding to produce above these levels, the capital surplus countries have weighed the returns on additional domestic and foreign investment and, to some extent, the needs of the oil-importing countries.[9] This discretionary margin between their sustainable

[7] World Bank, *Energy in the Developing Countries*, August 1980.

[8] A good exposition of these objectives is given by the Finance Minister of Saudi Arabia, Mohammed Abu al Khail, "The Oil Price in Perspective," *International Affairs*, October 1979.

[9] The oil exporters' views of these choices are given in Jahangir Amuzegar, "Petrodollars Again," *The Washington Quarterly*, Winter 1981, and al Khail, *loc. cit.*

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production capacity and their developmental needs is currently on the order of six to eight million barrels per day. Recently it has been drawn on to offset the reduction of some three to four million b/d caused by the Iraq-Iran War.

For at least the next five or ten years, the capital surplus countries will continue to play a key role in the energy adjustment. Although their developmental needs for foreign exchange are likely to increase rapidly, they can maintain a discretionary margin of production by also stepping up the rate of exploration, which has been kept at a very low level, and improving the recovery from existing fields.

Since oil prices have now reached levels at which major energy alternatives are quite competitive, the conflict of interest between the importers and exporters has been reduced. Both stand to gain from more stable oil prices in the future. The long-term strategy proposed to OPEC by a ministerial committee chaired by the Saudi Oil Minister, Sheikh Yamani, envisions a gradual rise in the real price of oil linked to OECD growth and limited by the cost of alternative sources. The result would not be significantly different from the current forecasts of most Western analysts.

The other major role of OPEC, and particularly the six capital surplus countries, has been to help cushion the effect of oil price rises on the poorest importing countries. In the past about 16 percent of the surpluses of these six countries was recycled in the form of concessional aid, averaging about four percent of the GNP of the capital surplus group. This OPEC aid offset about 40 percent of the effect of the 1974 price rises on the poor countries, but it would have to be increased considerably and changed in composition to maintain this offset in the second round.

VI

Since 1973 the industrialized OECD countries have had two related economic objectives: adjustment to rising energy prices and the control of general inflation. Because of their pursuit of deflationary policies, both major oil price increases were followed by recessions and the overall rate of growth since 1973 has fallen to 2.5 percent. As we have noted, the repercussions of this drastic slowdown have been more serious for many of the developing countries than the direct effects of higher oil prices, although the two are, of course, related.

After the first energy crisis, the OECD countries eliminated their collective balance-of-payments deficit very rapidly, first through reducing growth and then through expanding exports to the OPEC

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countries. The result shown in Figure 3 was that virtually the entire OPEC surplus was reflected in the current account deficits of the non-oil developing countries. However, the recycling of these surpluses, largely through the private banking system of the OECD countries, was handled more smoothly than had been anticipated in the early days of the oil crisis.

The responses of the OECD countries to the recent rises in energy prices are again critical to the successful functioning of the international adjustment processes. The bulk of the overall shift in both energy demand and supply must take place in the industrial countries, which are at once the largest users and the greatest source of capital and technological capability. Since the demand response to rising prices seems to be well under way, the most urgent contribution required of the OECD countries—and particularly of the United States—is to accelerate the production of substitutes for oil. So long as satisfactory progress is being made in these direct adjustments to high-cost energy, it should not be necessary to again restrict GNP growth on this account.

VII

The role of the non-oil developing countries in the restructuring of the world economy is perhaps the most difficult of all, since they have the least room for maneuver. Essentially they have to adjust to the rising oil prices and changing export markets that are determined by OPEC and the industrialized countries. Furthermore, the changes required in the productive structure of primary producing countries are often more difficult and time-consuming than the adjustments needed in more flexible economies.

For the non-oil developing countries, the period from 1960-73 had been very successful: their average growth was about six percent, and most countries benefitted from the rapid expansion of the world economy. Following the initial rise in oil prices, the developing countries tried with considerable success to maintain this momentum, first by borrowing and then by expanding their exports and reducing imports. This strategy was successful for most of the semi-industrial countries of East Asia and Latin America, which maintained relatively high rates of growth. It was much more difficult for the less developed countries, particularly in sub-Saharan Africa, whose economies are less flexible and export potential more limited. The large countries of the Indian subcontinent have fared considerably better than most other poor countries, partly as a result of the spillover from the rapid expansion of the Persian Gulf countries in the form of emigrant remit-

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tances and imports as well as from improved agricultural policies.

As shown in Figure 3, the oil-importing developing countries as a group reduced their balance-of-payments deficit to $23 billion in 1978 (2.5 percent of GNP), about the same proportion as in the early 1970s. Although this deficit has again been doubled by the oil price rises of 1979–80, the same strategy of adjustment through borrowing and export expansion is available to most middle-income countries, whose export growth has kept up with the growth of their debt. Many of these countries also have potential domestic energy sources whose exploitation is now profitable with higher energy costs.[10]

The weak link in this chain is the large group of less developed economies which are unable to borrow on commercial terms and hence are dependent on concessional loans and grants. Despite the rise in concessional lending from the surplus OPEC countries, the stagnation in OECD aid—particularly from the United States—has made it increasingly difficult for many of the poorer countries to adjust to the ongoing changes in the international environment. Although the weaknesses in their own policies are equally responsible for these difficulties, it is hard to devise solutions that do not involve some increase in concessional lending over a considerable period.

VIII

The weakness of the international economic system is not that it cannot cope with erratically rising oil prices but that the existing methods of adjustment are unnecessarily costly to certain countries and to the growth of the system as a whole. Over the past decade the losses appear to have outweighed the gains, world growth has slowed down, and prospects for reducing world poverty have been deferred. Since the previous pattern of oil-dependent growth could not have been sustained in any case, it is idle to try to allocate the blame for this condition to any one set of countries.

To what extent can future adjustment be made less costly through international action? My answer would start from the observation that the market-related aspects of the adjustment mechanism have worked surprisingly well, while progress in establishing a political framework for cushioning the adjustment has been quite limited. If the existing mechanisms can be strengthened, it should be possible to limit the range of issues requiring political agreement to more manageable proportions.

[10] World Bank, *Energy in the Developing Countries*, 1980.

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The evidence of the past eight years is also leading to greater consensus as to the legitimate expectations of the various participants. First, it is widely agreed that it is in the interest of almost all countries to limit energy use and increase its supply—although for a few producing countries this may involve foregoing short-run monopoly profits. In this context, the difficult role of the Persian Gulf countries in balancing the desire to conserve their petroleum assets for the future against the world's need for a smoother energy transition is more readily appreciated. Second, experience has shown that the maintenance of growth in any part of the world economy is of benefit to all. It was the surprising strength of the growth efforts of both the oil-importing and oil-exporting developing countries, supported largely by recycling of the oil surpluses through the banking system, that prevented more serious repercussions from the OECD recession of 1974–75.

If there is in fact a growing consensus along these lines, most of the requirements for completing the global energy transition can be carried out by strengthening existing approaches and institutions. Compared to the 1970s, further adjustments in energy supply and demand should now proceed more rapidly because reactions to higher prices are already under way. This shift away from oil, together with the oil exporters' policy of conservation, has already reduced the world's dependence on OPEC oil as a source of energy from 26 percent in 1973 to 19 percent now, and should reduce it to around 15 percent by 1990. As this process proceeds, the disruptive potential from future interruptions in Middle Eastern supplies will become much more limited.

The major exception to this generally optimistic outlook is the worsening position of some of the poorer countries, for whom the need to adjust to higher cost energy comes on top of the difficult problems of initiating growth. In the 1970s the increased flow of capital was financed by growth in concessional aid through international financial institutions and bilateral programs as well as by lending on commercial terms from development banks and the private banking system. Since the second oil price increase, however, there has been little real increase in concessional lending—only 37 percent of which is allocated to the low-income countries which contain more than half the population of the Third World.

The result of this squeeze on concessional lending is to make the energy adjustment more inequitable than it needs to be, reinforcing the general tendency for the benefits of development to be unequally distributed. Although an improvement in the policies of the developing countries concerned is also necessary, it

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is unlikely to be sufficient without a matching increase in concessional lending. Whatever the virtues of policies for reinforcing the international economy, they must be supplemented by some form of long-term assistance to avoid the need for the poorest countries to slow down growth as the only way of balancing their international accounts.

IX

The main arguments of this paper can now be summarized.

1) The restoration of equilibrium and growth in the world economy requires shifts in energy supply and demand, international trade, and financial flows. For the next decade the objective of international economic policy should be to bring about these interconnected changes with less disruption of economic growth than in the past decade.

2) The change in policies of the OPEC countries in 1973, which stopped the growth in their oil exports, created the need for extremely rapid adjustment. The changes required to restore the energy balance include a reduction in the annual growth of world energy demand from five percent to three percent; accelerating the growth of coal and other oil substitutes to over four percent; and raising energy prices to levels adequate to stimulate these increases.

3) This set of structural changes has been more than half completed over the past eight years. International oil prices have reached levels that make coal, nuclear energy, synthetic fuels and a variety of other sources quite competitive. The rise in prices has also produced the desired reduction in the growth of demand. Continued increases in the efficiency of energy use should permit GNP to grow at rates higher than in the 1970s, without increasing pressure on energy supplies.

4) The rapid development of the OPEC countries—and particularly the surplus Gulf countries—is an important part of the restructuring of the world economy that is now under way. The development that has already taken place has greatly increased their capacity to make productive use of their foreign earnings, making it possible for oil importers to pay for their oil with increased exports and thus reduce the magnitude of future recycling problems.

5) Although the set of public and private institutions that has evolved over the past decade to deal with the recycling and adjustment problems has been surprisingly effective, these could be greatly strengthened by some form of agreement among the

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major countries covering the continuity of energy supplies, the development needs of the oil exporters, and financial support for the developing countries for whom the costs of adjustment have been more serious. Now that there is less conflict of views over the long-term evolution of oil prices, the possibilities of such an agreement should be enhanced.

6) Whatever the likelihood of a formal agreement with the major oil exporters, the interests of all oil importers will be served by intensifying the development of energy sources that have now become profitable. This is the only way to eliminate the effects of limited oil supplies on future world growth. Although it will require some reallocation of investment and government priorities to accomplish this objective, the benefits of doing so will greatly exceed the costs.

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Richard E. Feinberg

CENTRAL AMERICA: NO EASY ANSWERS

Until recently a quiet, secure backwater, Central America is now convulsed by revolution, civil war, border clashes, economic disruption, refugee camps and clandestine arms networks. These upheavals are posing difficult but not unfamiliar issues for U.S. foreign policy. Are the origins of the crises essentially indigenous, or the work of outside powers? What U.S. response will minimize the opportunities of the opposing superpower to exploit the situation? Can local forces pressing for change be accommodated, or must they be confronted and defeated? Are diplomatic solutions possible where a high degree of polarization has already occurred? How can the United States prevent disturbances from spreading into more neutral countries? Can other external powers play a constructive role? What measure of resource commitment is commensurate with the U.S. interests at stake?

Behind these questions lies a still more basic issue. In the past, Central America has been regarded as falling within a traditional sphere of influence of the United States. Whether or not that label still applies, its geographic proximity alone makes developments there of special and acute significance to this country. So the most fundamental issue of all is: What manner of political behavior in Central America is the United States willing to tolerate?

II

The roots of the current turbulence in Central America are political sclerosis and uneven economic development. By traditional measurements, the economies of Central America have performed reasonably well over the last three decades. Annual GNP growth rates averaged over five percent, per capita income doubled, exports rose sixteenfold. Unfortunately, the fruits of this

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Richard E. Feinberg was a member of the Policy Planning Staff of the State Department from 1977 through 1979 and is currently an International Affairs Fellow of the Council on Foreign Relations and a fellow of the Woodrow Wilson International Center for Scholars. He is editor and co-author of the forthcoming *Central America: International Dimensions of the Crisis.* His work on this article was supported by the Carnegie Endowment for International Peace and by a grant from the German Marshall Fund.

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growth have been spread very unevenly. The already yawning gap between the poorest and the richest has been widening.

"Trickle down" has not worked. Wealth was already concentrated, and rapid population growth created an abundant labor supply that depressed wages. Governments heavily influenced by conservative business and military interests hampered the activities of labor unions and failed to provide adequate social services. Then a period of rising expectations was followed by falling incomes, as the burst of globally induced inflation in the second half of the 1970s lowered real wages throughout the region. The classic conditions for revolution were thus created.

In addition, the very process of modernization had created new social classes not content with the political status quo. In the rural areas, the mechanization of export-oriented agriculture replaced the traditionally passive peons of the old latifundia system with more politically conscious salaried laborers. Similarly, new industries in the cities gave birth to an incipient urban proletariat. Their political leadership emerged from the growing universities and the expanding middle class.

During the 1970s, political systems did not adapt to the newly emerging social forces (with the exception of democratic Costa Rica, and, to a degree, Honduras). In 1972, a broad coalition of Christian Democrats, Social Democrats and Communists apparently won the presidential elections in El Salvador. Similarly, in Guatemala, in 1974, a broad centrist coalition led by General Efraín Rios Montt and Social Democrat Alberto Fuentes Mohr also appeared to have won a plurality of votes. In both cases, however, the armed forces intervened to maintain their hold on power. In Nicaragua, President Anastasio Somoza's first term ended in 1972, and the constitution prohibited his reelection. Instead of stepping down, however, Somoza altered the constitution. Thus, as the 1970s wore on, governments came to rely increasingly on coercion.

In the late 1960s and early 1970s the United States did not question the essential stability of these military-dominated regimes. U.S. policymakers apparently failed to understand that the viability of existing political systems was being undermined by economic modernization. Instead, Washington continued to support regimes that froze out newly emerging political groups through electoral frauds and other power grabs. In some cases, the United States condoned such actions, believing that the status quo was the best guardian of American interests.

The turbulence that U.S. policymakers confront today in Cen-

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tral America is the legacy of these regimes. Somoza remained in power just long enough to enable the Sandinistas to capture the leadership of a victorious revolution. Having foreclosed possibilities of peaceful change, the authoritarian regimes in El Salvador and Guatemala produced their counterparts in leftist guerrillas.

III

In its first major foreign policy initiative, the Reagan Administration argued that Cuban and Soviet aggression was the principal generator of unrest in El Salvador and in Central America generally. To demonstrate American determination to confront insurgencies assisted by the Soviet bloc, the Administration sharply increased military assistance to El Salvador. However, the East-West prism illuminates few options for day-to-day policy in particular countries in Central America; apart from anti-communism the Administration is still struggling to design a comprehensive and coherent policy for that area. Washington suspended bilateral aid to Nicaragua in reaction to Sandinista assistance to Salvadoran guerrillas, but has not spelled out the conditions for aid renewal, and has no apparent strategy for either moderating or removing the Sandinistas.[1] It has also identified Guatemala as threatened by "externally supported subversion." Terminating the Carter Administration's criticism of Guatemala's human rights performance, the State Department has announced its inclination to renew security assistance. The Administration appears to have devoted little attention to Costa Rica and Honduras.

Although differences persist within the Administration on some Central American issues, the emerging approach appears to be centering around the following attitudes and policies:

1) Security forces are the most reliable allies in the current environment of unrest. While the incorporation of Christian Democrats and moderate Social Democrats can sometimes strengthen political institutions, political solutions involving broad-based power-sharing schemes are too risky.

2) Social tensions can best be addressed through rising levels of external economic assistance to existing governments, possibly reinforced with trade preferences. (The World Bank can help coordinate aid from the many bilateral and multilateral donors.)

[1] A State Department press release of April 1 admitted that there was "no hard evidence of arms movements through Nicaragua during the past few weeks," but added that "we remain concerned, however, that some arms traffic may be continuing, and other support very probably continues." After noting U.S. interest in assisting moderate forces in Nicaragua, the statement concluded, "We do not rule out the eventual resumption of [U.S. aid] at a later time should the situation *in* Nicaragua improve" (italics added).

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3) Leftist forces are heavily influenced by Cuba, cannot easily be co-opted or accommodated and therefore should be isolated or liquidated. (In Nicaragua, however, they may now be too powerful to confront directly.)

4) Other external powers, including friendly ones, should be discouraged from taking initiatives not congruent with Washington's own policies, and from attempting to build bridges to leftist forces.

This strategy would resemble the one pursued, with apparent success at the time, during the second half of the 1960s and early 1970s. It assumes that the Left is irretrievably hostile, despite evidence that the Sandinistas recognize that Nicaragua's weakness requires compromise. For it to succeed today, several conditions would have to hold. The United States would have to be able to gain control of local security forces; but the Carter Administration, at least, found the political outlook and modus operandi of the Central American militaries resistant to reform. Military-dominated governments would need the domestic legitimacy lent by independent center-right political parties; but in Guatemala, Honduras and El Salvador such parties have been withering away in their militaries' embrace. Foreign aid would have to produce economic growth; but today's political uncertainties and turbulent global economy compose a less favorable environment than that which existed in the earlier period. The middle powers—Mexico and Venezuela—and the West European nations concerned with Central America (which in that context may be grouped for convenience as other "middle powers") would have to either accept U.S. leadership or retreat. Most important, leftist forces would have to be defeated; yet the Sandinistas are already firmly in power in Nicaragua, and the opposition has grown much stronger in El Salvador and is accumulating force in Guatemala.

In gauging how a policy based upon such assumptions will work, the key questions must be examined in terms of specific settings. Is it the best strategy for containing Cuban influence? Can it produce a relatively favorable outcome in Nicaragua? Will it stabilize the ruling junta in El Salvador? Can it protect Honduras and Costa Rica? How will it affect our relations with our hemispheric friends and European allies?

IV

The Reagan Administration has publicly focused on Cuban and Soviet designs, rather than on the indigenous roots of the

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Central American crises. Yet the tiny Moscow-line communist parties have been minor players. Moreover, Cuban policy has vacillated over the years, scoring more failures than successes. The Cubans have, however, demonstrated a capacity to take advantage of U.S. mistakes.

The small, Soviet-backed communist parties have generally pursued the strategy of the "peaceful road," but the electoral coalitions they have supported have failed to win or maintain power. Thus, the Salvadoran Communist Party participated in the broad alliance behind Napoleon Duarte in the aborted 1972 elections, and supported the centrist junta that only briefly held power following a coup on October 15, 1979.[2] In Nicaragua, the small local Party, long at odds with the Sandinistas, backed the U.S.-led mediation effort in 1978, which tried to replace Somoza with a moderate coalition. Perhaps the main impact of the highly unsuccessful orthodox communist parties has been their propaganda work among the young, many of whom found their elder comrades too cautious and split among themselves to form more militant organizations.

In the 1960s, the Cubans sought to export their "foco" theory, whereby a small band of gallant guerrillas could spark a lifeless populace to revolt. When this failed, Cuba turned instead to improving diplomatic relations with the relatively "progressive" governments in the area—Panama, Costa Rica, Mexico—as well as with the English-speaking Caribbean and some South American states. The Cubans maintained only a low level of support—mainly a safe haven and training—for guerrilla groups, refusing to offer substantial aid to marginal parties that seemed far from victory.

The first insurrection against Somoza in September 1978 caught the Cubans by surprise. Castro initially remained cautious, and advised the Sandinistas against an early attempt at another insurrection. Three factors may have convinced the Cubans to abandon restraint and proceed with a massive arms lift for the second and final offensive against Somoza in mid-1979: the Sandinistas were determined to press ahead; the Cubans became convinced the Sandinistas could win; and other Latin states, including Costa Rica, Panama, Venezuela and Mexico, also hostile to Somoza, were willing to condone or even act in concert

[2] For a discussion of this period, see William M. LeoGrande and Carla Anne Robbins, "Oligarchs and Officers: The Crisis in El Salvador," *Foreign Affairs*, Summer 1980, pp. 1084–1103.

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with Cuban activities.[3] Thus, when the United States accused the Cubans of intervening in Nicaragua, before the Organization of American States (OAS), the Mexican foreign minister responded:

> When all possibilities of democratic life are closed by a cruel tyranny, armed rebellion is the most genuine expression of a nation's democratic will . . . . Any suggestion that what is occurring in Nicaragua is the result of a plot organized and inspired from abroad would not only be false, but would be an insult to a noble people who have thrown themselves bodily into a struggle for their liberty.

One can only guess at why Cuba was willing to risk involvement in El Salvador late last year. The Salvadoran junta was not as isolated, internally or internationally, as Somoza had been. The Cubans may have been seduced by an insistent Salvadoran Left, and misled by the widespread assessment within the Central American Left that the insurrection could succeed. In addition, Castro may have judged that the lame-duck Carter Administration would not react forcefully, and that the incoming Reagan Administration was going to be hostile to Cuba regardless. Yet Cuban aggressiveness did serious damage to Havana's relations with the Andean states and Costa Rica. Whatever their motivations, the Cubans have had good reason to reconfirm the lessons of previous failures and the Nicaraguan success—external assistance and weapons cannot alone produce victorious revolutions, and to engage in large-scale weapons shipments without a diplomatic shield incurs real costs.

This analysis of Cuban strategy and capabilities points to several suggestions for a U.S. policy aimed at limiting Cuban influence in Central America. The United States should avoid alliances with governments so isolated that other Latin nations will provide a shield for Cuban weapons shipments. Moreover, addressing the root causes of societal discontent might halt the process before Cuban arms can make the difference. Should Havana recklessly provide weapons aimed at subverting governments considered legitimate, other Latin governments will accept U.S. security assistance to the threatened regime. The OAS might even be willing to vote for a reimposition of OAS sanctions against Cuba.

Even when Cuban-backed groups do accede to power, they are not likely to be submissive to Havana. Although leftist groups in

[3] At the time, the Cubans denied U.S. intelligence reports that arms were being flown from Cuba to the Frente Sandinista de Liberación Nacional (FSLN), but have since acknowledged these activities.

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Central America may owe an emotional allegiance to Castro, they have basically grown on their own resources. Moreover, they generally recognize that, while Cuba may provide them with weapons during the insurrectionary stage, should they come to power they will need to turn elsewhere for economic and even diplomatic ties. Castro also understands these realities, and while Cuban security advisers are helping the Sandinistas, Castro is counseling the Sandinistas to remain integrated into the Western economic system.

A U.S. policy that supported necessary internal reforms, provided needed security assistance to firmly rooted legitimate regimes, offered economic links to leftist governments, and worked with other Western powers, could compete successfully with Cuba. These policies would not eliminate the Cuban presence already established in Nicaragua, but neither are the prospective policies of the Reagan Administration likely to do so. Indeed, they threaten to accomplish the opposite.

V

Nearly two years after the revolution, the outlines of the Sandinista design for Nicaragua are beginning to emerge. The economy so far remains open and mixed, although the government sets the guidelines within which private decisions can be made, and the public sector is to be the chief engine of growth. In political life, a variety of groups are still able to influence decisions relevant to their interests, but the Sandinistas plan to retain control of the state and set limits on dissent.

For some Sandinistas, toleration of the private sector is merely tactical. However, most of the leaders, despite earlier Marxist writings, seem to have learned that their deep dependency on the private sector's administrative skills and access to foreign capital make a working relationship with it a strategic necessity. A leading Sandinista theoretician explained to the author in Managua the basis for the alliance and the outstanding problems:

> In Nicaragua, the bourgeoisie have always been heavily dependent upon the state and the banks, both of which we now control. They have never demanded political power as a class. In essence, we want to cut the same deal with them that the Somozas did. Our problem is that we have not fully figured out how to relate the bourgeoisie to a popular state. We need to de-politicize their trade associations, or create new ones. Imagine—it will be the role of the FSLN to organize the capitalists to protect their own economic interests!

To win business confidence, the Sandinistas have reversed un-

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authorized seizures of private factories and farms and suppressed wage demands. Private owners still control 75 percent of manufacturing and 80 percent of agricultural production. Preliminary official statistics show the real wages of both urban and rural workers declined about 20 percent in 1980, while private landowners and the urban middle class fared far better. The private sector—especially the farmers—responded to the plentiful supply of government credit extended in 1980 and real GNP rose over ten percent, while inflation fell. Many businessmen view the Sandinista leaders in charge of economic portfolios—especially Planning Minister Henry Ruiz and Agricultural Minister Jaime Wheelock—as realistic and pragmatic.

Satisfying the domestic business community is part of the Sandinista strategy to retain access to international trade and capital markets. The Sandinistas have agreed to honor $1.6 billion in Somoza-era foreign debts, and have already successfully rescheduled nearly $600 million owed to private, primarily U.S., banks.[4] Nicaraguan trade has also remained within traditional channels and the United States retained its pre-revolutionary share in 1980. American businessmen have been impressed by the sincerity of officials currently drafting a foreign investment code, which reportedly will allow entry into all sectors not considered vital for national security, and will even welcome projects with majority foreign ownership. In return, official creditors have promised over a billion dollars in new monies, and at least some commercial banks have indicated a willingness to extend new credits once the reschedulings are fixed.

Despite these conciliatory measures, the Nicaraguan private sector remains anxious about the future. The Sandinistas' "anti-imperialist," "anti-capitalist" slogans contradict an official policy of maintaining access to U.S. and West European markets and of building a working alliance with the local bourgeoisie. The stridency of official Sandinista rhetoric reflects, to some extent, pressures from militant middle and lower level cadres, as well as the absence of a formula that would describe the alliance with business in politically attractive terms. Businessmen remain concerned over post-revolutionary declines in labor productivity, and the undefined state of labor-management relations leaves businessmen uncertain regarding their powers inside their own firms. Finally, the efficiency and coherence of the government agencies engaged in economic management could be much improved.

Nicaragua today is not a fully open society, but neither is it

[4] The terms of the rescheduling are described in the *Institutional Investor*, November 1980, pp. 53–62.

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totalitarian. Nongovernmental media, political parties and religious groups have routine access to the state at all levels and are able to express their grievances publicly. At the same time the Sandinistas, as the self-defined vanguard party, retain ultimate control. The opposition's right to dissent has been curtailed, from time to time, by the Sandinistas. For example, in March the most important business-oriented opposition party, the Nicaraguan Democratic Movement (MDN) was prevented from staging an outdoor rally by Sandinista militants. National elections have been postponed until 1985, and the Sandinistas have warned that they do not plan to hand over power to "counterrevolutionaries."

The main force within the political opposition is business, and the Sandinistas' plan requires that businessmen accept a subordinate political role in exchange for guaranteed property rights and the ability to affect governmental decisions through such mechanisms as the private sector councils that advise economic ministers, the quasi-legislative Council of State, and the privately held media. The future of the FSLN-business relationship will depend upon the strength of the moderates in each camp, and their skill in institutionalizing the private sector's political participation and in firmly defining lasting rules of the game in the economic sphere. Compromise would seem to benefit both parties. The Sandinistas could probably survive without the private sector, but at great economic cost. If business overplays its hand, its defeat could be total. However, a shortage of foreign exchange could overwhelm even the best of intentions. A scarcity of imported consumer goods could alienate the trained middle class and push the private sector into militant opposition.

A categorically somber picture of Nicaragua's future can be painted by piecing together select elements of the Nicaraguan reality: the large standing army; the 100,000-plus militia; the local neighborhood committees; intolerant rhetoric that seems to question the legitimacy of any opposition; the Cuban influence in intelligence, the security forces and the media; the mutual support agreement with the Communist Party of the Soviet Union; the unconfirmed intelligence reports of the arrival from Cuba of several Soviet tankers. It would be a mistake, however, to conclude that Nicaragua will necessarily become a Soviet-style Marxist state. Such a conclusion relies on presumed intentions rather than current realities; it ignores the continuing vitality of non-Sandinista forces, anti-Stalinist elements at all levels within the FSLN, and non-Cuban and non-Soviet foreign influences; and it underestimates the Sandinistas' awareness that their international credit and their regional security would both be jeopardized.

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The Sandinistas' foreign policy has lacked coherence and coordination, and statements issued by inexperienced traveling FSLN directorate members have tended to parrot the lines of their hosts, whether they be Mexican, Cuban or Vietnamese. In Central America, the one region where Nicaraguan foreign policy can be more than rhetoric, the Sandinistas have maintained diplomatic and commercial relations with established governments. In one of the captured documents released with the State Department's White Paper on El Salvador, the Salvadoran Left complained bitterly that the Sandinistas were "very conservative," and were more interested in "protecting the Nicaraguan revolution" than in fostering revolutions elsewhere in the region. The Salvadorans did note, however, that some Sandinistas were more favorably disposed. The impression left by the White Paper is that a divided FSLN leadership only reluctantly and temporarily yielded to Salvadoran pressures for assistance with arms shipments.

Fidel Castro has urged the Sandinistas to maintain access to international markets and a mixed economy.[5] This advice draws on Cuba's own experience, and perhaps also on the thinking of some Soviet intellectuals and policymakers who argue that autarkic socialism is not viable in the Third World.[6] Castro's counsel of moderation also probably reflects his desire to avoid either betraying the Sandinistas or having to provide massive, possibly even military, assistance to defend a cornered Nicaraguan revolution—and thereby risk a confrontation with the United States. A senior Sandinista foreign policy adviser assured this writer that the Cubans would "come swimming to defend the Nicaraguan revolution," but Castro would presumably prefer to avoid such a dangerous demonstration of solidarity.

The very low level of Soviet aid to Nicaragua confirms Moscow's reluctance, as demonstrated with Allende in Chile and Manley in Jamaica, to invest heavily in a costly "second Cuba." However, following the U.S. cutoff of food aid to Nicaragua in January, the Soviets announced a donation of about four million dollars' worth of wheat.[7] This gesture was probably intended more to embarrass

[5] See *The New York Times*, July 6, 1980; and *The Washington Post*, June 23, 1980.

[6] See Elizabeth Kridl Valkenier, "The U.S.S.R., the Third World, and the Global Economy," *Problems of Communism*, July-August, 1979, pp. 17-33; and Jerry F. Hough, "The Evolving Soviet Debate on Latin America," *Latin American Research Review*, Vol. XVI, No. 1, 1981, pp. 124-43.

[7] Prior to the wheat offer, Soviet aid had been negligible, although East Germany had opened a $30-million suppliers' credit. A compilation of foreign assistance to Nicaragua can be found in "*Avances de la Revolucion Popular Sandinista*," Managua: The Foreign Relations Department of the FSLN, January 1981.

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the United States and identify the Soviet Union politically with Nicaraguan nationalism than to signal a willingness to replace Western financial and commodity markets. While Soviet intentions remain unclear and Soviet policies may well be more reactive than planned, most informed observers doubt that Moscow wants to confront the United States in Central America.

During the last days of the Somoza dynasty, the Carter Administration strenuously attempted to circumscribe Sandinista participation in the successor regime. Yet when the Sandinista columns entered Managua, the United States chose a policy of accommodation. Given the strength of the Sandinistas and their control over the armed forces, implacable U.S. hostility would only have radicalized the revolution. Conversely, if both the United States and the Sandinistas behaved rationally, a modus vivendi seemed possible. Unlike the mullahs in Iran, the Sandinistas were materialists who recognized that their small, open economy was dependent upon the West's resources, markets and technology. The United States and other capitalist nations would allow the Sandinistas to retain access to these resources, at the price of a genuinely nonaligned foreign policy and respect for the Nicaraguan private sector.

The policy of accommodation worked reasonably well. Yet, even before the election of Ronald Reagan, the Sandinistas' uncertainty about ultimate American intentions pushed them toward Cuba for military advisers and equipment. Also the unwillingness of either the United States or the West Europeans to offer substantial security assistance on sufficiently concessional terms made Havana the most generous and reliable supplier. The Sandinistas' anxieties were the product of past American interventions in the Caribbean Basin and in Chile under Allende, and were kept alive by the Carter Administration's refusal to accept clearly the Sandinistas' political hegemony.

The Reagan Administration's policy toward Nicaragua has been even more ambiguous. Secretary of State Alexander Haig remarked before a congressional committee that Nicaragua had already been "seized" by the Soviets, implying that accommodation was not possible. However, State Department regional specialists convinced Secretary Haig that pressing Nicaragua too hard right now would only give the hard-line Marxists the excuse to impose a national security state. Now, even if the Administration sincerely intends to seek an entente with the Sandinistas, the dynamics of mutual distrust can lead to a hardening of postures; both ruling parties have their hard-line wings which will be

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constantly pressing for aggressive responses. Alarmed by the Administration's anti-revolutionary rhetoric, many Sandinistas (themselves only recently transformed from guerrillas to governors) imagine that a "destabilization" campaign is already underway. U.S. bilateral assistance remains suspended, even though the weapons flows to the Salvadoran guerrillas, which sparked the suspension, have been curtailed. Nicaraguan exiles are training at anti-Castro Cuban camps in Florida. Relations have intensified between the internal opposition and the U.S. Embassy in Managua. Stepped-up U.S. arms shipments to El Salvador and Honduras fuel Nicaraguan fears of encirclement at a time when the Costa Rican government has become less friendly and is evicting foreign leftists.

The risks of actually trying to unseat the Sandinistas would be considerable. In the first instance, the Sandinistas would move to protect their internal front by narrowing the scope for dissent and would turn more decisively to Cuba for increased security assistance. As the leading opposition figure, Alfonso Robelo, recently admitted to the author, the Nicaraguan opposition is no match for the well-organized Sandinistas in a showdown. An outright invasion by the armies of Guatemala, El Salvador and/or Honduras, intended to spark an anti-Sandinista rebellion, more likely would allow the Sandinistas to rally nationalist support, while legitimizing Cuban aid. The ensuing chain of events throughout the isthmus would be unpredictable, but pressure for direct U.S. military involvement would be heavy.

Measured against these substantial dangers, how great are the costs of living with the Sandinistas? The answer goes back to whether the United States can accept a nationalist government of the Left within its traditional sphere of influence. As long as the United States is willing to maintain diplomatic and economic relations with Nicaragua, Washington can still impose limits on Nicaraguan foreign policy; here the successful use of U.S. leverage to curtail Sandinista intervention in El Salvador is a good example. A measured and realistic use of this leverage is more likely to be effective and would run fewer risks than an assault on Sandinista political hegemony in Nicaragua.

VI

Regional specialists often complain that their area is not receiving adequate attention from the State Department. The Reagan Administration's elevation of El Salvador to high policy demonstrated the perils of placing a particular region in the sights of

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senior officials who have little grasp of the local details but are intent upon proving a larger point. The Administration took office just as the Salvadoran guerrilla offensive was faltering, and concerned diplomats were convening in various cities in Europe and Latin America to develop a mediated solution. Secretary Haig, however, was more interested in demonstrating U.S. will to respond forcefully to perceived Soviet and Cuban "risk-taking" in the Third World. Rather than foster talks, Haig chose to rush new weapons and additional advisers to a Salvadoran military that had already deflected the guerrilla challenge.

The State Department's White Paper on El Salvador used the evidence of a Cuban role in arms shipments (the evidence alleging a significant Soviet role was less compelling) to portray the Salvadoran junta as a victim of international communist aggression. In the White Paper's "conclusions," the Administration jumped from the reality of externally supplied weapons to the judgment that the "political direction" of the Salvadoran Left is "coordinated" by Cuba "with the active support of the Soviet Union," that the center-left Democratic Revolutionary Front (FDR) is merely a "front organization" seeking "non-Communist political support through propaganda," and that "indirect armed aggression by Communist powers" is completely illegimate because, until January 1981, the United States had "provided no weapons or ammunition to the Salvadoran Armed Forces."

These conclusions do not flow readily from the evidence presented in the White Paper or elsewhere. The Salvadoran Left expanded during a period of Cuban neglect of Central America, and has resisted Castro's counsel to moderate its tactics and rhetoric. Three of the four major leftist groups are highly critical of the Soviet Union and the Soviet-Cuban relationship (the small Moscow-oriented Communist Party is a junior member of the opposition alliance). Regrettably, the United States has little good intelligence on the personalities, beliefs or even strategies of the Salvadoran Left. The FDR is a "front organization" only to the extent that any grouping of middle-class social democrats and Christians momentarily allied with Marxists qualifies as such. The protestation of U.S. noninvolvement is also misleading: the United States had been training the Salvadoran army and supplying them with "non-lethal" military equipment, including transport vehicles, communications gear and tear-gas grenades and launchers. In addition, the American Embassy has been deeply involved in El Salvador's domestic politics. U.S. allies and other Latin states were providing further security assistance. The White Pa-

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per's tone of moral righteousness, the sweeping application of the label "communist," and the inadequate attention to the roots of the conflict were all reminiscent of the cold war.

Having started with blurred perceptions, it is not surprising that the Administration has yet to devise a winning strategy in El Salvador. The regionalists in the State Department and the NATO allies did persuade Secretary Haig that the presence of Christian Democrat Napoleon Duarte in the junta was crucial to the Administration's case that the regime was worthy of external support. Nonetheless, in the military, political and economic spheres the outlook is for stalemate or deterioration.

In their January "final" offensive, the guerrillas failed to spark the necessary popular uprising, but they did demonstrate the capacity to orchestrate a coordinated, country-wide attack. Since then, the security forces have remained near their bases, avoiding costly encounters, and their occasional "search and destroy" sweeps have generally lacked coordination and follow-through. The Pentagon has repeatedly warned the U.S. government that the Salvadoran security forces are too poorly trained, ill equipped and incompetently led to triumph quickly. While the guerrillas cannot hold the towns, they operate freely throughout much of the countryside.

Moreover, U.S. efforts to stem arms flows to the guerrillas can have only limited success. Beyond Cuba and Nicaragua, the guerrillas' many sources of weapons reportedly include the West European and Florida arms markets, the expansive Central American black market, and captures or purchases from the Salvadoran military itself. Weapons reportedly arrive by air or land from the southern United States and the private farms of Costa Rica's northern hinterland, or are allowed to pass through Honduras by corrupt military officers. The Salvadoran Left, wealthy from kidnapings and from fund-raising in Western Europe, has the finances to make these networks work for them.

On the political side, the U.S. strategy of broadening the Salvadoran government's narrow base of support has four elements: the agrarian reform, cleansing the security forces, elections, and inducing centrists to abandon their alliance with the Left. The expropriation of some 280 large estates as well as some smaller holdings has denied the Left potential pockets of support; but the security forces have been partisan in distributing the spoils, and corrupt in administering the reform. While the current military leadership is more aware than some of its predecessors of the need to build a social base, its more ingrained approach to politics is to

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demobilize opposition through repression. The alternative to the mass terror now practiced by the security forces would be the granting of political rights to the unions, the "popular organizations," and the center and left political parties now considered subversive. In today's atmosphere, and given the army's past involvement in coups and voting frauds, the recent promises of elections ring hollow.

The political prospects of the government are further dimmed by the state of the economy. Massive capital flight, low international coffee prices, and disruptions in agriculture caused national output to decline a drastic eight to ten percent in 1980, despite rising U.S. aid flows.[8] Probably 1981 will be worse as the guerrillas systematically sabotage economic targets. Bereft of private investment, the economy is becoming increasingly dependent on injections of official aid. The United States has programmed $219 million in economic assistance for fiscal year 1981–82, plus $61 million in military aid, and is strongly supporting the junta's requests for still larger sums from the multilateral lending agencies.

The underlying social problems, the dismal economic outlook and the widespread hatred of the security forces (which have ruled since 1932) assure the Left of sufficient sympathy to mount a sustained challenge. Yet the Left is unlikely to triumph soon. The military is better armed, and much of the urban population has been intimidated or demoralized. The Left has been slow to overcome internal divisions and to agree on tactics; terrorist acts have alienated potential supporters; and it has failed to reach out to the middle classes until very late.

The prospect under current policy is for a prolonged war of attrition. Does an Administration deeply committed to destroying the Left in El Salvador have other options? The honest answer may be No. Nevertheless, as the high economic and diplomatic costs of the current no-win strategy become apparent, and if congressional and public resistance continue to mount, the Administration might try to achieve a mediated solution.[9] Such a

[8] As admitted in congressional testimony by John A. Bushnell, Acting Assistant Secretary for Inter-American Affairs, before the Senate Foreign Relations Committee, May 14, 1981.

[9] A Gallup poll conducted in mid-March found that 46 percent of informed Americans opposed any form of aid, 44 percent believed the United States should assist El Salvador, and ten percent had no opinion. Sixty-three percent feared that it was either "very" or "fairly likely" that El Salvador could "turn into a situation like Vietnam."

The Reagan Administration's initial aid package has faced considerable opposition in the House of Representatives. Both the House Foreign Affairs and the Senate Foreign Relations Committees have proposed amendments to the Foreign Assistance Act conditioning military aid upon the Salvadoran government's seeking negotiations with the opposition, among other matters.

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process might well accomplish what the Administration's current strategy cannot—the creation of a broad-based government that would consolidate the agrarian and other economic reforms and end the fighting, thus diminishing the opportunities for unwanted outside intervention.

An ad hoc mediation team could be drawn from among those many interested parties in Latin America and Western Europe who have advocated a political solution. More important than the team's composition would be the determination of the key external patrons to force a compromise. The Salvadoran army must believe that the United States strongly supports the mediation. The rising levels of U.S. security assistance could be turned into an effective lever; at present, however, the Salvadoran officer corps seems to believe the Reagan Administration is so firmly committed to it that it need not compromise. Whereas Duarte, the FDR and the guerrillas have all at times indicated an interest in internationally facilitated talks, the army has been saying No. This May Duarte rejected a mediation proposal of the Socialist International but he has favorably entertained similar offers in the past. The United States would have to deliver the army; Venezuela, Costa Rica and the European Christian Democrats would have to pressure Duarte; and the Socialist International, Mexico, Nicaragua and Cuba would have to bring in the FDR and the Salvadoran guerrillas. Other than the United States, all of these key external actors are, for their separate reasons, in favor of negotiations.

The mediation could seek an internationally supervised ceasefire and the formation of a coalition government followed by early elections. External assistance to the provisional government could be conditioned upon its maintaining a genuinely nonaligned foreign policy and its not interfering in neighboring states. In addition, the United States might demand that Cubans be excluded from participating in security and intelligence.

Such a settlement in El Salvador would go far to obviate the Sandinistas' felt need for Cuban security advisers. The Sandinistas now fear that a fortified Salvadoran army could transform El Salvador into a security threat to Nicaragua. Beyond the obvious ideological sympathies, this defensive concern was probably behind the Sandinistas' military assistance to the Salvadoran guerrillas. As it is, El Salvador's ideological conflict, economic contraction and outpouring of refugees are exacerbating tensions both within and between states throughout the region. All in all, a peaceful compromise in El Salvador is an essential precondition for the reestablishment of regional stability in Central America.

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VII

The political histories of the Central American states are closely interwoven, and intervention in the affairs of neighboring states is a time-honored tradition. Today, businessmen, political parties, bishops, journalists, right-wing "death-squads," generals and guerrillas join together across borders, in formal organizations and informal support networks. Events in any one country now travel quickly across these numerous channels and affect the mood and political calculations of people throughout the region. Weapons, too, flow easily across long and porous borders.

An initial effect of the Nicaraguan upheaval was to create a political antipode in Guatemala. The Guatemalan military and paramilitary death squads, swelled by Nicaraguan exiles, collaborated to launch a reign of terror against not only suspected guerrillas but against centrists and even moderate conservatives.[10] The intention is both to stifle dissent and to leave no alternatives between the regime and the guerrillas.

Guatemala possesses a variety of resources, including modest (some claim substantial) amounts of oil, and Guatemalan entrepreneurs are relatively dynamic. The military is more professional than others in the region. Yet Guatemalans have not been able to devise a lasting social contract since the overthrow of the reformist Arbenz regime in 1954. The old landed families, frightened by Arbenz's agrarian reform, have allied themselves with the military to oppose any further efforts at social reform or political liberalization, and urban industrialists and merchants have been unable to forge a political alternative. Centrist and leftist parties have been co-opted, cowed, destroyed or forced underground.

Past counterinsurgency successes may be blinding the regime to the new realities. The guerrillas have abandoned the delusions of the Guevarist foco theory and have concentrated on building firmer political bases among the salaried workers, the displaced peasantry and the urban poor. For the first time, the majority Indian population is beginning to join the swelling guerrilla ranks. In Guatemala City, the fierce repression, coinciding with falling real incomes, is converting the labor unions and elements of the middle class and the Catholic Church into fertile grounds for guerrilla recruitment.[11]

[10] According to Amnesty International, "Between January and November in 1980 alone some 3000 people described by government representatives as 'subversives' and 'criminals' were either shot on the spot in political assassinations or seized and murdered later." *Guatemala: A Government Program of Political Murder*, London: Amnesty International Publications, 1981, p. 3.

[11] A *New York Times* article on the growing repression and polarization in Guatemala reported: "Young activists who once would have populated the labor movement, moderate

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Can the regime reverse this deterioration, or is renewal possible from within? The government has undertaken some modest increases in social expenditures, but implementation is slow, leading many observers to conclude that it's too little, too late. Presidential elections are scheduled for 1982, but even if a conservative civilian is allowed to win, the military high command will remain the most important political power. The best hope would appear to be a progressive military coup of the sort which broke the stalemate in El Salvador in October 1979. The required progressive colonels are not yet visible but such tendencies are likely to surface as it becomes more obvious that the current course poses severe dangers to the army as an institution. Indeed, the consolidation of an internationally mediated pluralist regime in El Salvador would probably increase the pressures for such a breakthrough.

Conversely, the renewal of U.S. security assistance, suspended during the Carter Administration, would strengthen the current high command, and the cynical and chauvinistic Guatemalan officers would not take simultaneous U.S. appeals for reform seriously. Moreover, Guatemala has sharply reduced its dependency on U.S. military ties by purchasing military equipment and training from such diverse sources as France, Israel, South Korea, Yugoslavia and Argentina.

The renewal of U.S. security assistance would also have ramifications beyond Guatemala. Nicaraguans would view it as an important signal that the United States had aligned itself with the most militantly conservative forces in the region, thereby giving ammunition to those Sandinistas who see no possibility of accommodation with Washington. The Salvadoran security forces would become more confident of ongoing U.S. support regardless of their behavior. In Honduras, those officers and civilians who argue that democracy interferes with rooting out subversion and advocate confronting Nicaragua militarily would feel fortified. Outside the region, the U.S. moral position on El Salvador and Central America generally would be weakened, and any Cuban countermoves would gain enhanced legitimacy. Mexico would be especially upset at the prospect of a U.S. military presence on its southern border, and might well react by reaffirming its ties to Havana as it did following the Reagan Administration's initial actions in El Salvador.

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parties, and left-of-center groups are finding that armed revolutionary organizations are all that is left to join. A member of the National Workers' Center, who had reluctantly given up labor organizing after assassinations and bombings permanently closed the group's offices in Guatemala City, said that she now believes only in 'the advanced comrades.' " *The New York Times*, May 9, 1981. See also articles by Warren Hoge, *The New York Times*, May 3 and 4, 1981.

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While U.S. and regional concern about Guatemala's internal conflict rises, Honduras and Costa Rica appear so far to have avoided the extreme effects of the political upheavals afflicting their neighbors. Each will necessarily be affected, however, by the powerful forces unleashed in the rest of the region.

In contrast to Guatemala, the Honduran civilian and military leadership has sought stability by tolerating a diversity of political activity and labor unions. In the mid-1970s, an agrarian reform was enacted that helped preserve a relatively equal income distribution. The military, in power since 1972, convened elections last year for a constituent assembly. The massive and enthusiastic voter turnout demonstrated the Hondurans' desire to avoid being engulfed in the violence around them. Elections for president and a congress are scheduled for the end of this year.

On the other hand, Central America's contracting markets and political jitters have contributed to the deterioration of the Honduran economy. Several thousand former Somoza National Guardsmen, concentrated near the Nicaraguan border, are feeding the fears of Honduran officers that the Sandinista army has aggressive designs. Conversely, some Hondurans fear that the U.S. military equipment pouring into El Salvador, their opponent in the 1969 "soccer war," could tip the regional military balance. Honduras itself has acquired Israeli-modified, French Super-Mystère jets, British Scorpion light tanks, and ten American Huey UHIH helicopters. Honduras is likely to be pulled in the general direction of the region. If center or center-left solutions consolidate, Honduran reformism might prosper, but more extreme or chaotic developments elsewhere could unhinge Honduras as well.

Costa Rica, a middle-class democracy, has historically stood apart from the region. The country consciously dissolved its army in 1948, and its passion for democracy is demonstrated by the impressive voter turnout in elections. The government provides social security, Latin America's best public school system, and public health care that reaches out into the rural areas.

Costa Rican democracy is now being tested by a deepening economic crisis. Buffeted more by the high prices for oil and international capital than by the violence to the north, Costa Rica faces a period of adjustment and austerity. The United States can ease the burden by facilitating bilateral and multilateral aid, but Costa Rica itself must make the painful reforms. Industry must be restructured and made more competitive, agriculture upgraded, the fiscal deficit closed and savings increased.

No significant home-grown groups of the extreme Right or Left

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are yet active in Costa Rica. Nonetheless, the moderately conservative Costa Rican government is anxious about Nicaragua, and has broken consular relations with Cuba. It is clearly frightened by the prospect of spreading regional strife and has even proposed that the OAS designate a mediation team to facilitate a political solution in El Salvador. If the national economic crisis is not solved and if polarization and violence in the rest of Central America are prolonged, Costa Rica too could be dragged into the maelstrom.

VIII

We have already noted the possibility that regional and West European nations might play a useful role in El Salvador. Let us now look more closely at the attitudes of the key countries that are already involved and might be engaged even more. In a sense, Central America could be a testing ground both for the role of prominent regional nations and for the influence of West European nations in an era of renewed East-West tensions. In Central America, in particular, it appears entirely possible, as well as desirable, that such middle powers could help substantially to move the situation in a constructive direction.

Mexican foreign policy was, until recently, almost exclusively focused on the United States. However, Mexico's emergence as a major oil producer, and the decay of the old U.S.-dominated order in Central America, have created the conditions for an historic leap in Mexican foreign policy. Mexico is rapidly defining Central America as a zone of vital strategic and political interest, with potential economic payoffs.

As is often the case for a power bordering on lesser states, Mexican motives are both defensive and offensive. The Mexican military worries about its ability to defend the oil fields which lie just to the north of Guatemala. Less concrete, but no less worrisome, is the concern that ideological conflict in Central America could inflame passions within Mexico. The Mexican political elite is more confident than some U.S. observers are that the Mexican state will maintain its traditional ability either to co-opt or to repress leftist pressures. However, the politicians and technocrats are deeply worried that domestic unrest could justify the strengthening of the Mexican military and security apparatus, thereby diminishing civilian domination of the Mexican polity. The political institutions and the ideology that have made Mexico so stable could then begin to corrode.

Beyond these defensive concerns, Mexico has seized upon the Nicaraguan revolution to extend its influence southward. Itself

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the institutionalized product of a violent revolution, the Mexican regime believes that the Nicaraguan revolution can be modeled after its own image and, as such, serve as a model for the rest of Central America. President Lopez Portillo dramatically broke diplomatic relations with Somoza on the eve of the Sandinistas' final offensive, and Mexico's presence in Nicaragua now ranks just behind that of the United States and Cuba. It has already extended over $70 million in credits, and may provide an additional $200 million over the next two years. It is also providing Nicaragua with subsidized oil, and is negotiating a $300-million paper and pulp project. And Mexico placed its influence with American banks at the service of Nicaragua by holding the debt rescheduling meetings in Mexico City. A wide range of Mexican ministries and public-sector firms are assisting in education, health, agriculture, industry, mining and energy. Foreign Minister Jorge Castañeda regularly visits Managua and President Lopez Portillo has offered to mediate the border disputes between Honduras and Nicaragua, caused primarily by incursions of ex-Sandinista Guardsmen located in Honduras.

The Sandinistas also offer Mexico an opportunity to reduce U.S. influence on its southern flank. At the same time, the Mexicans argue that their activist diplomacy will serve U.S. interests by containing Cuban influence. The Mexicans believe that they are culturally far better prepared than the United States to compete with Cuba for the minds of the youthful and "anti-imperialist" Central American Left.

Mexican popular sentiment lies with the Salvadoran Left, but the government's main objective is to achieve a stable solution which will reduce regional tensions. Mexico has joined Panama and Venezuela in offering joint "good offices" to mediate in El Salvador. Lopez Portillo has repeatedly rejected the Reagan Administration's interpretation of the conflict in El Salvador. During a banquet toast in honor of Venezuelan President Herrera Campins, Lopez Portillo stated:

> At the present time, the most serious crises are developing in Poland and El Salvador, and although they are quite different, they do have the common characteristic of being essentially internal conflicts which, because of their effects on bloc politics, are presented as conflicts of external origin. This is an insult to our intelligence, because no reasonably informed person would explain social acts with the methodology of detective work, or confuse collective demands for rights with terrorism.

With regard to Guatemala, their common border makes Mexico cautious, and policy does not extend beyond the hope that a

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successful outcome in El Salvador might offer new opportunities to bring reform and stability to explosive Guatemala.

Venezuelans agree that the Caribbean Basin is their security zone, but the pro-Sandinista enthusiasm of the social democratic government of Carlos Andres Perez (1974-78) is not shared by the successor Christian Democratic regime of Luis Herrera Campins. Under Herrera Campins, Venezuela and the Carter Administration converged in support of the Christian Democratic/military junta in El Salvador, in preferring the non-Sandinista groups in post-Somoza Nicaragua, and in maintaining very cool relations with Havana.

The politically weak Herrera Campins government has been under pressure from the opposition Social Democrats and from the left wing of its own party to back away from the Salvadoran junta. Moreover, the Reagan Administration's ready embrace of military governments and its aggressive East-West rhetoric are both distasteful and worrisome to Venezuelans.[12] As a result, and having already joined Mexico in a $700 million-per-annum oil-price subsidy scheme for the Caribbean Basin, Herrera Campins has now moved closer to the positions initially articulated by Lopez Portillo: support for a mediated solution in El Salvador, and a willingness to finance Nicaragua despite the U.S. aid suspension. Venezuela does not have the institutional or financial potential of Mexico, but it can add weight to multilateral undertakings. Other hemispheric nations, including Panama, Ecuador, Peru and Brazil, could also play useful secondary roles in helping to steer Central America through the current period of upheaval and adjustment.

Moreover, to an extent that has surprised many Americans, including the Reagan Administration itself, Central America has become a significant and troublesome issue for Canada and several European governments, including West Germany, Italy, the Netherlands, Norway, Denmark and Belgium, and to a lesser degree, Great Britain and France. Skeptical of the White Paper's "conclusions," West European governments refused to endorse publicly what they regarded as the Reagan Administration's confrontational East-West imagery in El Salvador. Instead, they have argued that a policy seeking a peaceful political solution would be a preferable approach to civil conflict in the Third World

[12] For a discussion of the recent evolution in Venezuelan views of the region and U.S. policies, see Robert D. Bond, "Venezuela, the Caribbean Basin and the Crisis in Central America," in *Central America: International Dimensions of the Crisis*, ed. Richard E. Feinberg, forthcoming from Holmes and Meier.

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generally, and a better way to prevent the issue of El Salvador from becoming an additional irritant in the Atlantic community.

European interest in Central America predates the current debates over El Salvador. During the last ten years, Central America has become a battleground where Social and Christian Democratic activists struggle over ideas whose edges have been dulled in the material prosperity of Western Europe. Under the influence of its West German and Nordic member parties, the Socialist International (SI) has become very deeply involved in Central America. Principles dear to the European Social Democrats, such as the search for a "third way" between capitalism and Marxism-Leninism and between alignment with the United States and the U.S.S.R., are seen as being at stake. The SI regards Nicaragua as a favorable "test case" for the third way ideal. In El Salvador, the SI has supported its member National Revolutionary Movement (MNR), whose leader, Guillermo Ungo, is head of the opposition coalition. Since centrist forces will be better placed in any solution brought about by peaceful means, the SI has been concentrating its efforts on facilitating mediation in El Salvador.

The SI's weight is essentially moral, and it cannot even commit West European governments that its parties control. West German Chancellor Schmidt has typically sought to straddle deeply divided West German opinion on El Salvador, and has not wanted to confront the United States publicly over Central America. France's Socialist Party has been outspokenly critical of U.S. policy in El Salvador, although it is unclear whether President Mitterrand will want to involve himself in an area of little direct concern to France. Nevertheless, the perspectives of the SI and several Latin governments, including Mexico, on East-West relations, social change in the Third World, and how best to co-opt leftist movements and limit Cuban influence are remarkably similar. The potential exists for an effective coalition.

Whatever regional or West European nations may do will surely be undertaken for the motivations described above. But the practical effect of their actions could be to provide the Reagan Administration with a powerful instrument to attain its major objective in Central America—the containment of Cuban influence. The middle powers could transmit the message to Havana and Moscow that Washington will welcome the presence of the middle powers in Central America only if Cuba exercises restraint. Havana might accede, since it values its relations with the middle powers, and since those powers are likely to foster the development of regimes whose outlook would be less hostile to Cuba.

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By themselves, the middle powers cannot resolve the region's problems, but they can reach out to a wider range of indigenous political forces and offer them a new set of non-communist international linkages. They can, for example, reinforce U.S. policies that rely on finance and markets to avoid a hardening of Sandinista strategy. The Sandinistas recognize that while Mexican and West European aid has not carried the exactingly detailed conditions of U.S. assistance, the creation of a Cuban-style state would be unacceptable to the other Western countries as well. The United States might concentrate its leverage on restraining Nicaraguan activities in Central America, while the less threatening middle powers might be more effective in protecting an open society within Nicaragua. Regarding El Salvador, the interested middle powers are pressing for a mediation of the conflict there with increasing intensity. Together with the United States they control the levers behind all the major Salvadoran parties except the guerrillas, and the guerrillas' backers—Nicaragua and Cuba—can be engaged by a combination of pressures and inducements from Mexico, Venezuela and Western Europe. The middle powers could also assist in financing a regime born of the mediation process.

The Reagan Administration has lately been exploring with the middle powers the feasibility of expanding bilateral and multilateral aid programs in Central America, and coordinating them under the aegis of the World Bank. A similar consortium was established in 1977 at the initiative of the Carter Administration to assist the Caribbean islands and Guyana. But as the experience with the Caribbean islands demonstrates, economic aid cannot by itself resolve many of Central America's political problems, nor even guarantee economic growth if private foreign and domestic investors are deterred by unsettled political conditions. External economic assistance can, however, be an important component in a broader plan, and the middle powers are likely to join actively and generously in a common assistance effort only if they participate in formulating and executing the larger strategies.

IX

Central America presents the Reagan Administration with a more complex challenge than it first realized. Having started from questionable assumptions and perceptions, the Administration appears to be turning down a costly and risky path.

The Soviet Union has traditionally considered Central America to be a U.S. zone of influence, although the Soviets may now see opportunities for the emergence of "progressive" regimes. But

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more rewarding to the Soviets than any increase in their own influence in Central America would be the unearned dividends that await them should the United States become deeply involved on the side of narrowly based, military-dominated governments or in an effort to remove the Sandinistas. Beyond the diversion of U.S. attention and resources, such involvement would lessen the credibility of U.S. accusations that the Soviets are *the* sponsor of global violence, giving the U.S.S.R. a powerful propaganda ploy in justifying whatever they feel impelled to do in Poland and Afghanistan. It would also discourage America's friends and allies from associating with it in other areas of the world, and create tensions between the United States and the major Latin states. Already, the negative reaction to the El Salvador policy in Western Europe and Latin America is a warning that an unmeasured global containment policy could isolate the United States and open innumerable opportunities for Soviet diplomacy.

What are, in fact, U.S. interests in Central America and how might they be threatened?[13] The U.S. economic stake, whether in terms of trade, raw materials or investment, is small, and the depth of these countries' dependency further limits the potential risks. The weak nations of the area can pose no direct military threat, while the United States possesses the diplomatic leverage and, if necessary, the military superiority to deny the isthmus to Cuban or Soviet military forces.[14] The United States does have an interest in avoiding chronic political instability, which in the current Central American context jeopardizes two other U.S. interests—protecting basic human rights and preventing conflicts that might compromise regional security. Moreover, the United States has a general interest in forestalling the emergence of truly hostile governments dominated by Cuba or the Soviet Union in the Caribbean Basin. The fundamental challenge is to distinguish between regimes which are less than friendly and those whose interests are genuinely and irrevocably antagonistic to those of the United States.

In defining their interests, Central American regimes are highly sensitive to U.S. policies. Regimes that feel themselves under siege may well turn to the enemy of their enemy for security. A hostile U.S. policy thus risks producing the most unwelcome outcome. In

[13] For several essays discussing U.S. diplomatic, economic and security interests in the region, see Feinberg, *op cit.*

[14] The worst case, which the United States almost surely could and would prevent, would be the establishment of a Soviet military facility. Even then, from a purely strategic perspective, the facility would probably be redundant, so long as it was governed by the bilateral understanding which limits Soviet offensive capabilities in Cuba. The political effect, however, would be to harden still further U.S.-Soviet relations.

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a more normal environment, economic and diplomatic interests of the Central American states will weigh more heavily, and these are the strong suits of the middle powers and the United States. These levers, however, no longer readily allow the United States to finely tune Central American politics, or to stabilize the old order, and the costs of trying to do either are rising. Nor can the United States expect the middle powers to support such efforts. The external powers, coming out of different political traditions, do not share a common vision of exactly what institutional forms are desirable or possible in Central America. The United States and the middle powers do, however, share the common concern that Central American nations not follow the Cuban model.

To sum up the implications arising from the specific cases discussed, this perspective on U.S. relations with Central America suggests an alternative set of policies. The Sandinista government in Nicaragua, while less than friendly, need not seriously threaten the constellation of U.S. interests discussed above. Relying on the West's essential strengths, the United States could seek a dialogue with Nicaragua, whose leadership appears interested in maintaining Western economic ties and avoiding dependency upon the Soviet bloc. The chronic instability in El Salvador, and the consequent dangers of regional conflagration, clearly threaten U.S. interests. The United States therefore ought to encourage the middle powers to help find a face-saving and peaceful way out of a potential quagmire in El Salvador. In Guatemala, the current government offers little prospect for long-term stability, and U.S. leverage in Guatemalan politics is much diminished; the logical approach, therefore, is one of restraint. Together, these policies offer the best hope for keeping Costa Rica and Honduras from being sucked into a vortex of violence.

These policies are also mutually reinforcing. A settlement in El Salvador would remove a central irritant in U.S.-Nicaraguan relations, just as the opening of a dialogue with Nicaragua would facilitate a peaceful solution in El Salvador, by increasing the pressures on the guerrillas to negotiate. If successful, the resulting political systems would enjoy the minimum degree of ideological compatibility needed to defuse regional tensions.

The approach suggested here becomes attractive only if the United States accepts a new definition of tolerable political behavior within its geographic zone of influence. Central America is, indeed, a test case—not really for the Soviets, for whom the region is of marginal interest, but for America's ability to respond with maturity and pragmatism to upheavals in its own backyard.

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Carl H. Landé

PHILIPPINE PROSPECTS AFTER MARTIAL LAW

On September 21, 1972, Ferdinand Marcos, twice elected President of the Philippines, imposed martial law and assumed dictatorial power. Somewhat more than eight years later, on January 17 of this year, he announced the lifting of martial law. Because this event took place just three days before the inauguration of President Reagan and one month before the Philippine visit of Pope John Paul II, it seems reasonable to infer that Marcos—whom the Carter Administration, as well as leading figures of the Catholic Church in his own country, had periodically criticized for his government's violations of human rights—thought the lifting of martial law would be an important step toward improving relations with these two foreign leaders.

For the Reagan Administration, too, unimpaired good relations with the Philippines are important. The Philippines is the United States' largest former colonial possession, a close ally, the site of major air and naval bases, a significant trading partner and recipient of American investments, and an erstwhile proud "show-window of American democracy."

It is useful, therefore, to assess how eight years of martial law have affected the course of Philippine economic and political development, in what direction Marcos and his country now appear to be heading, and how martial law and its termination have affected and should affect our relations with the Marcos Administration.

II

A visitor to the Philippines from an advanced industrial society is likely to be struck by a sense of double vision. On the one hand he sees a rational modernizing government committed to economic growth, social justice and efficient administration, moving energetically forward with the help of a dedicated corps of Western-trained technocrats. This picture of the regime is presented with great skill to international aid and lending agencies, which continue to pour funds into the Philippines. On the other hand, the foreign visitor sees a thoroughly traditional regime: arbitrary, wasteful, venal, and preoccupied with the personal gratifications and familial interests of the ruler.

Both images of the Marcos regime are accurate, reflecting what a Filipino psychologist has called a "split-level system of values"—one modern and Western, the other traditional and Southeast Asian. Both sets of values are shared by most educated Filipinos, including President Marcos, who evidently wants to become both his country's greatest modernizing leader and the richest man in Asia.

Carl H. Landé is Professor of Political Science and East Asian Studies at the University of Kansas. He has specialized in Philippine affairs since 1953 and is the author of *Leaders, Factions and Parties: The Structure of Philippine Politics*, and other works.

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Western observers at first sight are most impressed by Marcos' modernizing efforts. Even Marcos' Filipino opponents, attuned to traditional values and behavior, agree that many positive achievements can be credited to Marcos and martial law, and this tempers their criticism to some extent.

A comparison of average annual growth rates for various economic indicators for two time periods—one preceding martial law (1960-70), the other consisting mostly of martial law years (1970-78)—shows some substantial improvements that can, in part, be credited to Marcos' martial law government. The average annual growth rate for gross domestic investment increased from 8.2 percent to 11.1 percent.[1] The average annual growth rate of exports increased from 2.2 to 5.4 percent, while that of imports declined from 7.2 to 4.7 percent. However, in 1979 there remained a trade deficit of $1.55 billion.[2] The annual rate of population growth has declined under martial law from roughly 3.0 percent to less than 2.5 percent (1980 estimate) as a result of an impressive, non-coercive population-control program. Finally, average GDP (gross domestic product) growth rates increased from 5.1 to 6.3 percent. Recently, however, growth has been slower: in 1979 the real GNP growth rate had fallen to 5.5 percent, declining further to 4.7 percent in 1980.

The President's freedom from congressional restraint since he imposed martial law has made possible a marked improvement in the basis of taxation and in the effectiveness of tax collection. The resulting growth in revenues, together with heavy public borrowing and cuts in government employment, have made possible substantial increases in capital investment for development and in expenditures for social services, law and order, and national defense.[3]

The Philippines, like other oil-importing countries, has been hard hit by OPEC's oil price increases. The resulting rise in foreign exchange requirements, together with the Administration's heavy investment in development projects, has necessitated massive borrowing abroad, partly from international lending agencies and increasingly from private lenders in the Eurocurrency market. The Philippine public debt, approximately $350 million in 1965, now stands at roughly $12 billion. The World Bank estimates that borrowing from all sources, which currently is $2.5 to $2.6 billion a year, will rise to as much as $4.5 billion a year by 1985.[4] While the Philippine government enjoys the strong confidence of international lending agencies, in part because of the ability of Marcos' technocratic advisers, some independent observers believe that debt rescheduling may become necessary within a year or two. Also, some recent World Bank studies and privately published "risk analyses" have expressed concern about the creditworthiness of the Philippines if the Marcos regime were to be replaced.

Soaring fuel costs and foreign borrowing have brought rising rates of inflation—a record 20 percent in 1980—which have not been matched by increasing cash incomes. A World Bank study of Philippine poverty found that between 1972 and 1978 real wages for skilled workers in Manila and its suburbs fell by 23.8 percent; for unskilled Manila laborers the decline was

[1] *World Development Report, 1980*, Washington, D.C.: The World Bank, 1980.
[2] "Financial Times Survey: Philippines," *Financial Times* (London), November 7, 1980.
[3] Farid Abolfathi, *Developing Indicators of Political Instability in Less Developed Countries: A Feasibility Study*, Vol. II, *The Philippines*, Arlington, Va.: CACI, Inc., 1981, pp. 3–13.
[4] Eduardo Lachica, *The Asian Wall Street Journal*, January 16, 1981.

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31.6 percent.[5] Since the 1960s, the authors of various World Bank studies have concluded, purchasing power has dropped "in both urban and rural areas, in all regions, and practically all occupations," and the gap between rich and poor is "worse in the Philippines than elsewhere in the [Southeast Asian] region, and is exceeded only in Latin America."[6] Philippine government projections hold out little hope for any increase in the share of the national income that will go to the lowest income group during the coming decade.[7]

Marcos' greatest successes, both economically and politically, have been achieved in the major rice- and corn-growing areas, which contain most of the rural population. In recent years the country has become a rice exporter. The importance of this achievement, however, is lessened by the fact that wheat imports now exceed rice exports, reflecting changes in Filipino eating habits.[8] The increases in rice and corn production have been accomplished by permitting grain prices to rise gradually, by taking advantage of newly developed seed varieties, and by investing substantial resources in rural infrastructure development.

In addition, under martial law, Marcos instituted a major program of land reform. The program has been confined to lands under rice and corn cultivation, where sharecropping has been common. It has also been limited to the holdings of relatively large landowners, despite earlier intimations that all tenanted rice and corn lands would be affected. Nevertheless, the land-reform program has been more far-reaching than several previous attempts, which were always obstructed by a landowner-dominated Congress.

Because the government has usually been lenient in collecting land amortization payments from the peasants, the main political effect of land reform has been to win goodwill, or at least to defuse chronic opposition to the government among the peasants of central and southern Luzon, the country's largest rice-growing area. Because Manila is in the center of the region, an uprising in Luzon would be especially threatening to any national government. Reports by competent observers suggest that while the poorest of the region's peasants and landless laborers remain very poor, land reform and infrastructure development have been successful enough to prevent the region from becoming a center of serious opposition to the regime. Either because of this, or because the region has been the home ground of the pro-Moscow wing of the communist movement (some of whose leaders now collaborate with Marcos), the rival China-oriented, Maoist-controlled New People's Army has been relatively inactive in Central Luzon, concentrating its efforts at armed revolution in other regions.

Less happy social and political consequences have ensued from the Administration's attempt to expand production in the non-grain, natural resource-based export industries. The major traditional exports—sugar, coconut products, timber and metal ores—have suffered either from current or recent declines in world prices or, in the case of timber, from decades of overcutting and underreplanting. To compensate, the government has attempted to promote the development of new commercial crops, such as oil palm and bananas, and to expand acreage under traditional export crops.

In contrast to rice and corn, most natural resource export industries, while

[5] *Ibid.*
[6] *Ibid.*
[7] *The Asian Wall Street Journal*, August 31, 1978.
[8] Justin J. Green, "Manila Diary," *Philippine Studies Newsletter*, October 1980, p. 12.

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subject to economies of scale, provide relatively little employment, and therefore have not been subjected to land reform. With the exception of sugar, these industries are carried on mainly in remote frontier provinces of the south and east or in the uplands of the more long-settled northern islands. There the government has permitted the acquisition or leasing of great tracts of land by large-scale Filipino and foreign agri-businesses, sometimes in exchange for rice lands that have been brought under land reform. While these consolidations of land have generally been carried on in areas of relatively thin population, they have nevertheless displaced substantial numbers of homesteaders and members of tribal minorities, sometimes to the accompaniment of bloodshed. The damming of some mountain valleys in northern Luzon for hydroelectric development, one of Marcos's World Bank-supported efforts to meet the energy crisis, has brought with it similar displacements. These distant developments have attracted little notice in Manila. But several of these remote localities and, more generally, the economically most depressed regions of the country—the Cagayan Valley, the Bicol, the eastern and central Visayas, and northern Mindanao—have become redoubts and recruitment areas for the Maoist New People's Army, which finds them, as the late Chairman put it, friendly waters in which to swim.

One controversial aspect of the Marcos Administration's policy regarding export commodities has been the establishment of a number of governmental or officially favored private monopolies to finance, process, purchase, ship and sell abroad particular export products. The announced purpose of these new monopolies is to secure higher prices for the producers and to maintain stabilization funds against the cyclical fluctuation of world commodity prices. But there have been some serious miscalculations and alleged anomalies in the sales efforts of these monopolies, resulting in substantial losses to the industries concerned. Furthermore, in the absence of adequate accounting for the large differential between world prices and those paid to the original producers, some producers charge that portions of the profits withheld from them are being skimmed off by Marcos intimates, themselves major investors in such export industries, who have been placed in charge of the monopolies.

Complaints have been especially bitter in the sugar industry, located mainly in the western Visayas, where producers have been receiving a fixed price of U.S. 12 cents per pound while the world price during the past year has risen as high as 46 cents per pound. Last December, a group of sugar planters took legal action against the government's National Sugar Trading Corporation to block it from selling their crop at what they believed was far too low a price without their consent.[9] The favored purchaser of the crop was rumored to be a Marcos crony. For the first time sugar plantation owners and their workers are united in their opposition to the government, and there are reports of violence and the killing of sugar cane workers by the armed forces. Similar complaints are heard about the monopoly in the currently depressed coconut industry.

One of the Administration's major efforts, and one that would not have been possible had economic nationalist elements in the old Congress been in a position to oppose it, has been the industrialization program. This has entailed a shift away from the previous stategy of import substitution in favor of export-oriented industrialization and trade liberalization. By the late 1960s import substitution appeared to be incapable of guaranteeing either a sus-

[9] Henry Kamm, *The New York Times*, February 5, 1981.

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tained growth in employment or a supply of cheap consumer goods for the lower income strata.

As implemented by the Marcos government since 1972, export-oriented industrialization has shown a bias toward large-scale, capital-intensive industries. This has brought with it a major effort to attract large foreign investors. Industrialization has also furthered the growth of a new oligarchy composed of members, kinsmen and friends of the ruling family, who have received substantial favors in the form of government loans and other forms of assistance in establishing themselves as owners of new industries.

To date, the economic returns on this industrialization effort have been somewhat disappointing. Manufacturing as a whole, during the period from 1970 to 1978, grew at an average annual rate of 6.8 percent, only a little faster than during the preceding decade and at slightly more than half the rate in the neighboring countries of Thailand, Malaysia and Indonesia.[10] Export manufacturing has been expanding at an annual rate of over 30 percent, but it still represents only 15 percent of total manufacturing output.[11] Furthermore, because Philippine export manufacturing is primarily of the enclave type, involving assembling of semi-manufactured imports to which less than 30 percent of the value is added locally, the real growth in export production is considerably slower than export-manufacturing figures might suggest. In 1979–80, therefore, with the assistance of a World Bank industrial/structural adjustment loan, Marcos committed his country to a drastic five-year program of further tariff and import-licensing reductions, and to fostering more highly labor-intensive export industries. The World Bank appears to be less enthusiastic about the 11 costly new, major industrial and mining projects announced by Marcos in late 1979, designed to process local mineral and other resources; currently the Bank plans to provide financing for only one of them.[12]

Marcos' foreign investment and trade liberalization policies have come under vocal, if now politically impotent, attacks from diverse quarters. Various economists both in and outside the government are critical of the Administration's penchant for giant energy- and capital-intensive projects, and would prefer more small operations, offering more rural as well as urban employment. Filipino manufacturers, who before martial law had been part of a strong protectionist alliance in combination with nationalistic political leaders and Marxist intellectuals, complain about the favored position of new oligarchs and multinationals, and of the competition from imported consumer goods. From the Christian and Marxist Left there is criticism of the Administration's low-wage policy and its prohibition of strikes in "vital industries," a policy that the government justifies by the low productivity of Philippine labor and the need to expand employment by competing with other low-wage, exporting countries. As a result, urban laborers, who have been beset by increasing unemployment, are also suffering from a decline in real income.

For the mass of city dwellers, the most visible achievement under martial law has been a massive public works construction program. There has been a rapid growth of new highways, public buildings, cultural monuments, costly and overspecialized medical centers, and urban beautification projects. Generous government loans have also been made for a surge in hotel construction,

[10] *World Development Report*, 1980.
[11] "Financial Times Survey: Philippines," *loc. cit.* footnote 2.
[12] Lachica, *loc. cit.* footnote 4.

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in turn promoting the visits of large numbers of unattached male Japanese tourists who, in the words of one observer, have turned Manila into one of the brothels of Asia.[13]

Some of the new construction projects were greatly needed and benefit the public at large, while others show an excessive bias toward the needs and pleasures of the upper and middle classes. Such manifestations of the First Lady's "edifice complex" often ride roughshod over the interests of the very poor, notably those living in the large urban-squatter settlements, who find themselves displaced by large-scale development projects, their organizations disregarded, their demonstrations suppressed, and their leaders arrested and sometimes tortured by the military. Marcos and his wife, the mayor of Manila, have attempted to compensate the poor through the construction of some low-income housing projects and by instituting a program of urban land reform under which some squatters are to be permitted to buy the land on which they have been living.

Broadly speaking, the social and political results of Marcos' policies in the countryside have been to undermine the power of the old rural, land-owning gentry by expropriating large tenanted estates in the rice- and corn-growing areas and by sharply reducing the incomes and the independence of the old sugar and coconut plantation oligarchies. In their place, Marcos has left a peasantry grateful for its new lands and for the government's infrastructure support; a rural professional middle class relieved that the small landholdings from which they drew supplemental incomes have been spared expropriation, and ready to provide moderate leadership for the peasants; and a new oligarchy of giant agri-business operators who are close to Marcos and depend on him for the preservation of their privileges. However, the growing number of landless rural laborers, plus dispossessed homesteaders and tribal peoples, remain an impoverished and potentially revolutionary class.

In the cities, the effect of the new capital-intensive export push has been to curb the power of a nationalistic native business elite, which grew wealthy from the policy of import substitution, and to give preeminence to the new Marcos-connected oligarchy. Both in its urban industrial and rural agri-business operations, this new oligarchy for the present depends heavily upon the collaboration of foreign multinational corporations and upon Philippine governmental and overseas financing. It depends also upon the skills of the higher level professional managerial elite. This latter group, though it includes many individuals who are critical of Marcos, finds itself well rewarded and, on the whole, gently treated by the regime. It will continue to play a major role under successor governments.

A survey of the government's management of the Philippine economy since 1972 would be inadequate without some further comments on a subject that is much discussed among the business community: the new business empires of the ruling couple, and their relatives and friends. It is common knowledge in the Philippines that these empires are very large, that they have given this "new oligarchy" dominant or monopolistic ownership of numerous key industries, and that they were acquired in part by methods that would not meet even the rather permissive conflict-of-interest rules observed in pre-martial law days. A widely circulated study of the holdings of this new oligarchy,

[13] Green, *loc. cit.* footnote 8. For an excellent discussion of tourism under Marcos, see Linda Richter, "The Political uses of Tourism: A Philippine Case Study," *Journal of Developing Areas*, January 1980, pp. 237–57.

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extracted from the records of the Philippine Securities and Exchange Commission, lists 259 corporations wholly or partly owned or directed by close kinsmen of the President and his wife or by members of their circle. While the names of the ruling couple do not appear on the list, it is widely believed in Manila that they are silent partners in, or the true owners of, many of these firms.[14]

Several consequences flow from this empire-building. It adversely affects the attitudes of the business and professional communities toward what they might otherwise consider an attractive regime. It gives the President and his circle a strong incentive to cling to political power and to maintain the mechanisms that prevent open criticism of their management of national affairs. It distorts development by leading to the commitment of scarce publicly supplied resources to projects which, though profitable to members of the new oligarchy, often are not in the country's best interest. Finally, it raises the question of what will happen to these business empires under a successor government.

As for Marcos' direction of the economy as a whole, it would appear that he has neither managed it so well as to ensure his popularity and political survival, nor so badly as to make his overthrow probable. Thus, how long he will continue to rule is likely to depend as much on the popular reaction to the political features of his government as on its economic performance.

III

One popular action of the Marcos dictatorship in most of the Philippines was the confiscation, at the beginning of martial law, of privately owned firearms and the disbanding of the private armies of local politicians. This put an end to the gun-toting Wild West atmosphere that had prevailed in the cities as well as the countryside since World War II, and that had allowed the strong and the well connected to bully the weak. An immediate result of the declaration of martial law, a rural-based American anthropologist reported, was that villagers who had fled to the towns for safety moved back to their villages once again. Even the suspension of local elections, regretted by the rural gentry who quadrennially competed for local office, was welcomed by many of the rural poor because it put an end to the weeks of politically inspired violence, during which they were subjected to intimidation by the armed goons of local candidates.

In the Muslim-inhabited parts of the far southern islands of Mindanao and Sulu, however, the attempt to confiscate arms produced not peace and order but the escalation of a previously simmering rebellion into a full-scale guerrilla war. The underlying cause of the Muslim rebellion was the post-World War II flood of Christian Filipino immigrants from the central and northern parts of the country into what once had been a wholly Muslim and pagan region, to the point where Muslims are now a majority in only two of the 18 provinces of the main southern island of Mindanao.

Threatened with the loss of their ancestral lands and with the dilution of their distinctive culture, the Muslims, mainly under the leadership of various young, educated organizers of the Moro National Liberation Front (MNLF), have attempted to win independence for their region, or at least to stem the

[14] "Some Are Smarter Than Others." A portion of the list was reprinted in *The Philippine Times* (Chicago), December 10, 17, 24 and 31, 1979. For a former American official's observations on the methods employed to build these business empires, see Stephen B. Cohen, "The US Should Keep Its Distance," *Manchester Guardian Weekly*, March 1, 1981, p. 8.

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tide of Christian immigration, by resort to arms. This attempt had been opposed by the country's armed forces. The call for the surrender of privately owned firearms in 1972 was perceived by Muslims as a prelude to their own extermination and led to an intensification of their struggle, in which they were assisted by Libya with weapons smuggled in through the North Borneo states of Malaysia.

Marcos has attempted to deal with the Muslim rebellion, now estimated by the government to involve some 15,000-20,000 insurgents, through a combination of concessions and increased military force, offering limited autonomy and developmental assistance to the predominantly Muslim provinces. An agreement for negotiations between the MNLF and the Philippine government, concluded in Tripoli in 1977, has broken down, as has a subsequent cease-fire agreement. Sporadic fighting continues with no end in sight. Christian settlers and some of the military call for a more aggressive campaign to put the Muslims in their place once and for all, and some accuse the President of allowing the war to continue in order to justify the prolongation of his dictatorship. Thus, while a minority ethnic group's rebellion, far from the center of power in Manila, does not by itself weaken a Christian president's control over the great majority of provinces inhabited by Christian Filipinos, if the conflict were to continue indefinitely it could help to bring about a military coup.

IV

Martial law was declared in 1972 while a constitutional convention, elected the previous year to revise the 1935 Constitution, was in the middle of its task. Many Convention members viewed adoption of a parliamentary form of government as a solution to the executive-legislative conflicts produced by the American system of separation of powers that had been established in the Philippines during the colonial period. But independently minded delegates' support for parliamentary government eroded rapidly when Marcos and his partisans in the Convention announced that they favored the change. It was widely believed that Marcos supported parliamentary government because it would free him from the two-term restriction on presidential office and allow him to rule indefinitely as the country's first prime minister. The methods used by Marcos to assure the adoption of the new constitution—the alleged bribery and intimidation of Convention delegates, the voters' ratification of the Convention's work by a show of hands at open public meetings instead of by secret ballot, and the ambivalent position taken by the Supreme Court concerning the legality of the ratification process—seriously undermined the document's legal status in the minds of the country's educated stratum, in particular the large and influential legal profession.

The whole process of constitutional reform has been tainted by Marcos' subsequent use not only of his martial law powers, but of provisions of both the old and the new constitutions and of numerous hastily arranged referenda to obtain public endorsement of repeated changes in the system of government that no independent legislature would have approved. These changes always seemed designed to assure Marcos' own ascendancy. He used the power to facilitate the transition from presidential to parliamentary government in order to abolish the old Congress without putting a genuine parliament in its place and ruled for six years without any legislature.

During the final three years of martial law, the President moved cautiously

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in the direction of restoring democracy by permitting the election of a largely powerless Interim National Assembly in 1978 and of local officials in 1980. Both elections, however, were accompanied by opposition complaints (supported by independent observers) of massive fraud and intimidation designed to assure the victory of pro-Administration candidates.

It must be asked whether a variety of authoritarian structures and procedures established under martial law now have become so firmly entrenched that they will prevent restoration of a genuine constitutional democracy or, at least, will remain a lasting threat if it is restored. Among these authoritarian innovations has been the subordination of various formerly independent or politically neutral institutions to the political needs of the executive. A once-critical press has been turned into the sycophantic adjunct of the government through a combination of government-mandated self-censorship and the transfer of ownership to the President's family and friends. The justices of a once-independent Supreme Court and of lesser courts, stripped of their security of tenure, now dutifully make decisions acceptable to the President. The Commission on Elections, in the past a bipartisan and essentially impartial protector of the electoral process, has become the instrument of the ruler, obliged to commit or tolerate electoral fraud in the interest of presidential partisans. Members of the bureaucracy have lost both a secure tenure and the right to vote as they please. Thus, during the 1978 Assembly elections, civil servants and members of their families were under intense pressure to vote for the government's candidates or risk unspecified punishment. Financial agencies of the government have become accustomed to seeing their assets commandeered by members of the ruling family. Previously independent and competing trade unions and business and professional associations have been pressured to consolidate into a more unified system of organizations under varying degrees of state supervision or control. All units of the government, as well as educational and other institutions, reportedly now find themselves saddled with agents of a massive network of informers controlled by the intelligence establishment.[15]

Although the practice is not new in the Philippines, the arrest and detention of individuals suspected of sedition or subversion has been widespread under martial law. The offenses now appear to be defined broadly to include any active opposition to the Marcos regime. Those jailed have included prominent members of the Philippine intelligentsia and professional classes. Many have been incarcerated without charges or access to due process of law, and some have been tortured or killed while being interrogated. One estimate presented to an American congressional subcommittee placed the total number arrested and detained since 1972 at over 60,000.[16] Most of these have been released. Early in 1980, diplomatic sources put the number still held at over 1,000. A year later, according to Philippine government sources, 312 political violators remained in detention.[17]

[15] Bonifacio H. Gillego, "The Invisible Army of Marcos' Dictatorship," *Philippine News* (Chicago), April 15–21, 1981.

[16] Prepared statement of Harris L. Wofford, Jr., President, International League for Human Rights, and Maureen R. Berman, Executive Director, International League for Human Rights, published in *Hearings before the Subcommittees on Asian and Pacific Affairs and International Organizations* of the House Committee on Foreign Affairs, February 4, 6 and 7, 1980, Washington, D.C.: GPO, 1980, pp. 40–43.

[17] Larry A. Niksch and Marjorie Niehaus, *The Internal Situation in the Philippines: Current Trends and Future Prospects*, Washington, D.C.: Congressional Research Service, Library of Congress, Report No. 81–21F, January 20, 1981, pp. 23, 24.

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Most dangerous to the future prospects for democracy has been Marcos' use of the armed forces as the principal instrument to maintain his rule. As a result, a military which in the past had been the obedient, non-political servants of the civilian authorities has evolved into a potentially independent political force. Since Marcos first became a congressman, he has shown a special solicitude for the military. It was with the concurrence of a trusted group of officers that he declared martial law. During the next eight years the armed forces more than quadrupled, from 60,000 to 275,000. (Not included in the latter number are a variety of new home-defense and other paramilitary organizations.) This expansion has been accompanied by rapid promotion and pay raises for all ranks, the increasing involvement of officers in non-military spheres of government, and, for the first time, reports of large-scale corruption and self-enrichment in the higher ranks of the officer corps. The period of martial law also brought a rapid movement into key commands of the President's fellow Ilocano-speakers from the northern provinces of Luzon. Thus, by recent count, 18 of 22 general officers of the Philippine Constabulary, whose duty it is to preserve internal peace and order, were native Ilocanos.

Of particular importance for the maintenance of the regime has been the expansion of the once relatively insignificant Presidential Guard Battalion into a modified infantry brigade, housed on the presidential palace grounds, which now serves as the nucleus of a large and complex Presidential Security Command.[18] The predominantly Ilocano officers of the presidential guard come from an elite body within the military and are routinely rotated among other units throughout the country. Their personal loyalty to the President is unquestioned. The commander of the Presidential Security Command and concurrently the head of a complex of intelligence agencies is the President's relative and aide-de-camp, Constabulary General Fabian Ver. This officer also effectively controls the Manila Constabulary Command, the ordinary Manila police forces, and various private security-guard agencies, all of which are largely Ilocano in composition. In addition to these forces protecting the President, there are two powerful combat units based in central and northern Luzon.

The military has taken pains to keep its presence in Manila as inconspicuous as possible. City dwellers mainly come in contact with the city police, and probably few are aware of the existence of the Presidential Guard Battalion. This helps maintain an atmosphere of normalcy in Manila. The heavy concentration of Ilocano firepower both in and near the capital city should be more than sufficient, however, to protect the President from either a serious uprising among Manila's predominantly Tagalog-speaking inhabitants or from an attempt by non-Ilocano elements within the military to suddenly seize power. Yet the heavy reliance on Ilocanos raises the possibility that if Marcos or, after him, an Ilocano-dominated military junta were confronted with a major rebellion, an interregional conflict would ensue which might place the Tagalogs and Visayans in revolt and find the Ilocanos, led by major portions of the armed forces, striking back from their homeland in the north.

V

Opposition to the Marcos regime consists of several distinct groups. Most well known is a group of prominent political figures, calling themselves the

[18] Filemon V. Tutay, "Handling Security at the Summit," *Philippines Lawman*, May 1980.

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United Democratic Opposition, who built their reputations before 1972 and who have maintained them by publicly opposing the new regime. They include such individuals as former President Diosdado Macapagal, former Senators Benigno Aquino, Jr., Jose Diokno, Salvador Laurel, Gerardo Roxas, Jovito Salonga, Lorenzo Tañada, and former Speaker of the House of Representatives Jose Laurel, Jr. The group draws members from both the old Liberal and Nacionalista parties. While they take no single position on substantive questions of public policy, most of them can be described as economic nationalists and political pragmatists. On social policy they range from conservative to mildly liberal; some might be described as social democrats. They are united primarily by their opposition to one-man rule and by their willingness to criticize it publicly. Several of them have served repeatedly as the legal defenders of political prisoners and have been imprisoned themselves. Some have boycotted the elections held under martial law; others have run as opposition candidates. With the old political parties in a state of hibernation, these veteran political leaders can do little but speak out against the regime. However, in the absence of a forum in which younger leaders can build reputations and followings, their voices are the most widely heard. In a genuinely free presidential election, a member of this group would be the strongest opposition candidate and probably would win.

In armed opposition to the regime are elements of the Philippine communist movement. Organized in 1930, the Philippine Communist Party had its first major successes during and immediately after World War II in Central and Southern Luzon through the military achievements of its Hukbalahap guerrilla army. Although it was suppressed early in the 1950s, the Communist Party made a resurgence during the 1960s by spearheading the nationalist movement, especially among the youth. At the same time, the Party split in two. The pro-Soviet wing adopted a parliamentary, rather than an armed revolutionary strategy for achieving power. Some of its reputed leaders now serve in the Marcos government as propagandists or administrators. The Maoist wing chose armed struggle and in 1969, three years prior to the imposition of martial law, organized the New People's Army to serve as its military arm. NPA guerrilla bands, now estimated by the Philippine Armed Forces to have a total armed strength of less than 5,000, are active in widely scattered parts of the country, where they tie down local units of the Constabulary in periodic and usually inconclusive small-scale engagements. As noted earlier, the NPA has been relatively inactive in the rice-growing region of central Luzon and has concentrated its efforts mainly in highland and frontier areas, as well as in some relatively isolated and impoverished provinces of the central Philippines, notably the eastern Visayan island of Samar. This complicates the task of the Constabulary and ensures that units of the NPA will survive for a long time to come. But until it can establish strong bases both in the densely populated rural approaches to Manila and in the city itself, the NPA stands little chance of overthrowing the Philippine government.

Also opposed to the Marcos regime are various individuals and groups who look to the teachings of the Catholic and Protestant churches for inspiration. This Christian opposition is composed largely of people who have no interest in holding public office. They have no single preeminent leader and lack a unified organization, nor do the members hold a uniform position on questions of social and economic policy. They do share, however, a belief in taking a stand against the regime's infringements of human rights as well as against

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the tendency of government planners to overlook the interests of the poor in the headlong pursuit of rapid economic growth.

Their most prominent clerical figure is Manila's Jaime Cardinal Sin, a moderate on questions of social policy. His confrontations with the regime, confined initially to a defense of established Church rights and to periodic criticism of the First Lady's extravagances, finally led him to call publicly for the lifting of martial law. Some bishops have taken similar positions and have used their pulpits to call for more thoroughgoing social reform. These prominent churchmen are especially effective as critics of the Marcos regime both because they cannot be accused of personal political ambition and because, in this predominantly Catholic country, they can speak publicly with little fear of direct retaliation. Equally influential as a group is the Association of Major Religious Superiors, whose Task Force on Detainees regularly documents and publicizes the mistreatment or killing of political prisoners.

In addition to its clerical members, some of whom are Protestant ministers, the Christian opposition includes some prominent laymen, among them a number of able, Jesuit-trained business managers who may serve a future government in place of Marcos' technocrats. The leading lay figure of the Christian opposition is former Senator and Foreign Secretary Raul Manglapus, a Christian Socialist. Since 1972 and the beginning of martial law, Manglapus has been the spokesman of the non-Marxist exile opposition group in the United States.

VI

During the first few years of martial law, opposition leaders found little support among the public at large. The old politicians who today form the United Democratic Opposition had been in some measure discredited because of their identification with the Philippine Congress, which had become synonymous with waste, corruption and obstruction. The Marxists, particularly those at the universities, had alienated much of the urban population by their frequent demonstrations, which disrupted normal life in the cities. During these early years the clergy was not yet politically active. Marcos, on the other hand, had regained some popularity by his audacious declaration of martial law, which many hoped might cure the country's political malaise. In 1973, Marcos might have won his referenda, though by smaller margins, even if they had been fairly conducted.

By the mid-1970s, as the early achievements of martial law did not appear to be followed by additional gains and as the scale of the Administration's abuses became widely known, disillusionment set in. Many who at first had been willing to wait and see concluded that it was time to bring martial law to an end. By the close of the decade, though some still spoke favorably of the regime and many others had lost interest in politics, prevailing opinion among the educated stratum had shifted decisively against both the President and martial law, and a widespread desire to see them go was clearly evident. There was a new appreciation, among thoughtful Filipinos, of the value of checks and balances. Both the moderate and Marxist opposition leaders meanwhile had risen again in public favor, not because people believed that they could govern more ably than Marcos, but because their courage in opposing him publicly cast them as the only available instruments for removing him from power. The opposition was now joined by members of the clergy.

This shift in public opinion was, in part, the result of dissatisfaction with

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economic conditions, particularly the rising cost of living. But it also was due to disappointment with the way Marcos had used his extraordinary power as a crisis ruler. Having freed his technocrats from interference by members of the Congress, he permitted his kinsmen and cronies to interfere instead. Having promised to root out dishonest bureaucrats, he carried self-enrichment in his inner circle to unprecedented lengths. A consummate lawyer, he repeatedly twisted the law to suit his own ends. A soldier, he corrupted the military. A war hero, he would not give his opponents a fair chance at elections. A ruler who called on his subjects to develop self-discipline, he seemed incapable of containing either his wife's or his own appetite for unlimited power and wealth. Not surprisingly, after eight years of this, despite his great talents and the success of many of his programs, Marcos had lost the confidence of most of his country's educated population.

When Third World autocracies have been toppled as a result of popular action, the cities have usually played a crucial role. It is there that students and laborers organize and demonstrate; it is there that the armed forces are ordered to fire on demonstrators but then refuse to continue the bloodshed. Without his soldiers' support, the ruler either flees or falls. In the Philippines, too, in the absence of a large-scale insurrection in the countryside, the capital city is the most likely place for an attempt to bring down the government. Therefore, recent accounts in the foreign press that public opinion in Manila is turning increasingly against Marcos and that he is in some danger of being overthrown cannot be ignored. Similar forecasts have been made by leaders of the opposition. Their judgment, however, may be somewhat colored by their hopes. It would be risky, therefore, to simply accept these reports and to conclude that Manila is approaching a revolution.

The probability that Manila will erupt into violence depends in large part on such unmeasurable factors as the interplay between the Philippine national character and Marcos' personality and skill, subtleties that foreigners are particularly ill equipped to evaluate. At best they can describe their impressions and, on that basis, make guarded guesses about the future.

The Marcos regime has not shown the large-scale brutality in suppressing its opponents in the cities that is the hallmark of dictatorial regimes in certain other parts of the world. Indeed, compared to what might be expected of some other Filipino politicians if they enjoyed uncontrolled power, Marcos has shown a good deal of restraint and sophistication, especially in controlling, and sometimes co-opting, his critics among the intelligentsia. The rank and file, for their part, are not given to mass demonstrations of fury or to mass violence. Filipinos are individualists. They are also reticent about open displays of anger, unless provoked beyond endurance. The Iranian street mob, now so familiar to American television viewers, simply has no counterpart in the Philippines. Nevertheless, hostility to Marcos is widespread and real, is expressed with vehemence in private conversations, and will remain a threat to his regime.

In 1978 I had the opportunity to observe the Interim Assembly election campaign in Manila, where a serious opposition slate had entered the race. It was apparent that the great majority of the city's people supported this slate. Neighborhood rallies for the opposition were packed with members of the working and lower-middle classes, who stood for hours to hear the candidates lambaste the regime. Neighborhood rallies for the government candidates, on the other hand, drew much smaller numbers, mostly children and neighbor-

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hood riffraff who had been provided with chairs and sandwiches and, in some cases, had been paid to attend. Only when the government changed its tactics and bussed thousands of teenagers to rallies at central locations was it able to create the appearance of massive backing.

The opposition sent out word to its sympathizers to show their support on the evening before election day by making noise, blowing horns or beating pans for 15 minutes. When the appointed time arrived the noise began, rose to the level of bedlam, and continued in various parts of the city for three to four hours. That night I was at the home of friends in a wealthy subdivision where no nearby sounds interfered with the distant roar from the poorer parts of Manila. I expressed the view that if there were obvious government cheating, as was generally expected (and as proved to be the case), there would be large demonstrations leading, perhaps, to the fall of the regime. My Filipino hosts assured me that I was mistaken—nothing would happen. And in fact nothing did. The morning after the clearly fraudulent results were announced, stillness reigned. Some opposition leaders, followed by a few hundred people, staged a peaceful protest march and were arrested. And that was the end of it.

Another foreign observer, visiting a government office where there had been strong support for the opposition, found the employees reconciled to their disappointment: "Some were angry. Most, however, laughed it off, saying the election was good fun while it lasted, but no one should have expected the outcome to be any different as long as martial law held sway."[19] An opposition strategist offered this explanation: "Marcos knows his people well. If he bloodies us, we will revolt. But if he only threatens us, which he does often, we will think of our safety and obey him." It is for this reason, no doubt, that water cannons and batons, but not firearms, are used to suppress the demonstrations that periodically occur in the city. A soldier who witnessed the "noise rally" as well as the calm after election day had a somewhat different explanation: "People knew that they had some freedom during the elections, but that the freedom was over after election day. They felt it was hopeless."

VII

On January 17, 1981, in a grand ceremony attended by the diplomatic corps, President Marcos announced the lifting of martial law. The main effect was to end the military trials and military detention of civilian offenders, moving them to the national penitentiary. At the same time, Marcos released some political prisoners and ordinary criminals and formally transferred his legislative powers under martial law to the Interim Assembly. Of its 185 elected members, 169 belong to his New Society Party, and only four or five are in genuine opposition.[20]

The significance of these steps was undercut by the President's announcement that a broad range of authoritarian controls would continue. Under a constitutional amendment adopted during the martial law years, and which

[19] Benedict J. Kerkvliet, "Resources for Research on Local Philippines Society," *Philippine Studies Newsletter*, October 1980, p. 5.

[20] In a country where there had been an evenly balanced two-party system since 1946, and where no party won more than 65 percent of the popular votes or 80 percent of the seats at a postwar, pre-martial law congressional election, such a weak showing by the opposition is fairly convincing evidence that the Assembly is not the product of genuinely open elections.

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remains in effect after martial law, he continues to have the power to by-pass the Assembly when an emergency exists and to legislate alone at what appears to be his own discretion. Furthermore, all decrees issued under martial law remain in effect, including two previously unpublished codes dealing with security and public order. These permit preventive detention, continue the suspension of the writ of habeas corpus for certain offenses in the war-torn south, and give the President authority to control the admission of students to schools. This last provision should effectively deter political activism by students. In addition, although publication of opposition papers and the holding of demonstrations are now allowed, permits are required for both of these activities. This serves not only as a disincentive to establishing newspapers that might later be suppressed but also as a deterrent to genuinely critical reporting. Finally, the armed forces were assured by Marcos that their role would remain unchanged by the lifting of martial law.

Twelve days later, as a seeming afterthought, the President announced a step much more important than the lifting of martial law. Opinion surveys had shown, he alleged, that the public did not favor parliamentary government of the British type. Therefore, the Interim Assembly would be asked to revise the 1973 Constitution to establish a presidential-parliamentary system of government along French lines. Constitutional amendments designed to effect this change were adopted by the Assembly in February of this year and ratified in April, in a plebiscite that was protested by the opposition and reportedly accompanied by the usual election frauds. The amendments included two important provisions. One granted presidents and those acting on presidential orders immunity from suit for their official acts during or after their terms of office. The second set the minimum age for presidential candidates at 50—just high enough to exclude Marcos' most formidable opponent, 48-year-old Benigno Aquino. (Marcos himself was first elected to the presidency at 48.) Elections to choose a president for a renewable six-year term were scheduled for the middle of June, the time of school vacations, when university students would find it difficult to organize protest demonstrations.

At first, the United Democratic Opposition announced its willingness to participate in the elections and to run a presidential candidate if certain conditions were met: the appointment of a genuinely independent Commission on Elections, equal access to the media, and a campaign of sufficient length to give their candidate a serious chance to reach the voters. These conditions were not met, however, and UNIDO decided to boycott the elections. Because the communist opposition was excluded from the race by an amendment denying accreditation to parties that seek to achieve their goals through violence, there remains no significant obstacle to the President's reelection. Marcos found an obscure one-time governor and Defense Secretary to run against him as a token Nacionalista Party candidate. That is where matters stood when this article went to press. Regardless of who the opposition candidate or candidates turn out to be, the results of the elections are a foregone conclusion.

As for the new form of government, the combination of the nearly dictatorial powers held by the French president under the de Gaulle constitution, the authoritarian legislation carried over from the period of martial law, and Marcos' commanding majority in the Interim Assembly, means that the constitutional change has transformed a temporary, emergency dictatorship into a perhaps less arbitrary, but no less powerful, permanent form of

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authoritarian government. In view of the manner in which referenda and elections have been conducted during the past eight years, this seems to remove the opposition's last hope for a genuinely democratic decision concerning the form of government or the identity of its head. By this latest move, Marcos appears to have assured himself a position for as long as he wants as his country's nearly absolute ruler.

Any belief, therefore, that Marcos has offered the Reagan Administration a liberalized regime is questionable. Instead it appears that Marcos has concluded that the time is propitious to move in the opposite direction. The lifting of martial law under these conditions is not likely to quiet domestic opposition to Marcos and his government. A paper prepared for an international financial institution has noted that the opposition groups have attacked both martial law and Marcos' leadership per se for a host of political and economic reasons that would exist even if martial law had never been imposed and that will not disappear with the lifting of martial law, as long as Marcos retains power. That is an accurate assessment. But unless his health declines—and there is at present no confirmation of rumors to that effect—Marcos is likely to govern for some time to come. Resentment against him, though widespread, does not appear to be sufficiently intense, outside the narrow circle of political activists, nor are living conditions so intolerable as to make a genuine popular uprising likely. There will continue to be periodic demonstrations by organized groups, but the military units entrusted with the defense of the regime are large, loyal, well positioned, and trained to avoid bloodshed. Because much of the authoritarian nature of the regime now is hidden behind democratic appearances, many Filipinos probably welcome the long-awaited end of martial law and may be disposed to give the President an extended second honeymoon.

Internationally, Marcos has strengthened his position by naming as his first Prime Minister his most prominent technocrat, Finance Minister Cesar Virata. A former Dean of the Business School of the prestigious University of the Philippines and a man with an enviable reputation for personal integrity, Virata enjoys the confidence of the international financial community and has been largely responsible for the government's ability to secure large loans abroad. His appointment will do much to assuage foreign bankers' unease about the Marcos government. Whether Virata will be able to use his considerable bargaining power to curb the excesses of other members of the ruling group and, in particular, of the military remains to be seen. In the past, the technocrats have had little success in this regard. Filipino political observers note that Virata has no personal "power base," i.e., controls no regional political machine and commands no soldiers. This weakens him in Filipino if not in foreign eyes.

Virata's greatest test will come when Marcos leaves the scene. The most recent constitutional amendments provide that on the death of a president an Executive Committee headed by the prime minister shall exercise power until a new president is elected. But the generals who have risen to power under Marcos, as well as Mrs. Marcos and her partisans, are not likely to accept a successor who does not guarantee the preservation of their privileges. For its part, the democratic opposition will call for a scrapping of the Marcos constitution and a quick return to genuine democracy under civilian leadership. Prime Minister Virata or the next president, then, will have to choose between coming to terms with the opposition by democratization, or attempting to maintain the authoritarian system that Marcos has fashioned. The first

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course risks provoking the hostility of, and perhaps a seizure of power by, the generals; the second means increased attacks from the democratic and communist opposition.

Marcos himself could make a peaceful transition to democratic government more likely by now transferring real power to Prime Minister Virata. Marcos has often spoken about the difficulty of dismounting from a tiger once dictatorship has been established; he now has an opportunity to climb down gracefully. But there would be risks to Marcos in such a maneuver. The clearest demonstration that Virata had assumed real authority would be his ability to clip the wings of some of Marcos' most powerful associates. This could provoke a coup, not only against the Prime Minister but against Marcos himself. It is highly doubtful that Marcos would take such a risk.

Whenever succession comes, younger elements within the officer corps may play a significant independent role. While foreigners know little about this subject, Filipinos with connections in the military report some dissatisfaction (particularly among officers who have fought in the south) with the inconclusiveness of that war, with the politicization of the military's role, and with the favored position of the Ilocanos. Many officers probably share the prevailing Filipino middle-class attachment to democratic values. Many others are mainly concerned with getting their turn at the money-making opportunities now available to members of their profession. Yet it must be assumed also that some of those who were cadets during the heady days of student radicalism in the 1960s were not immune to the appeals of that movement. At least one of them, a military academy instructor, defected to the New People's Army some years ago. Presumably he won some disciples among his former students.

In December 1979, it was reported, 13 officers and some enlisted men were arrested for plotting a coup. This recent event suggests that if the Marcos government began to falter, or if a successor government were beset by internal conflict or faced increasingly uncontrollable opposition, it might be toppled by a group of younger officers who had not been closely associated with the Marcos regime. Some members of the democratic opposition, in fact, see in this possibility their only realistic hope for the restoration of democratic government. But whether a military coup would lead to a democratic, or at least to a competent, government or even to a government friendly to the United States, is far from certain.

Over the long run, the goals of the democratic and communist opposition leaders will continue to be in conflict. In confronting a government by Marcos or his successors, they might collaborate with each other for a time. Afterward they would inevitably fall apart. In a free election, I have suggested, the democratic opposition would win. Whether they could hold power over the long haul, however, is less certain. In a country where opportunism has been more the rule than the exception among the political elite, and where political organizations usually have been weak and devoted to the short-run needs of individual politicians, the members of the communist opposition—the New People's Army and their "National Democratic Front," including some of the clergy who have joined them—display an earnestness and a dedication that cannot fail to impress even those who question their goals. These members of the educated stratum and their working-class and peasant supporters appear to have built a complex of underground organizations and a communications network that is unprecedented in the Philippines. They have come very far since the decimation of the Communist Party in the 1950s. Their strength,

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according to well-informed American observers, is growing slowly but steadily. It is difficult to avoid the conclusion that unless the Filipino people are persuaded by a reformist government that it can achieve fundamental, equalizing changes in the society and in the economy, the advocates of revolutionary change may, in the end, prevail.

VIII

It is the conviction of the Philippine Left—and the charge is echoed by many members of the centrist opposition—that President Marcos imposed his dictatorship with American approval and that he could not maintain it without American support. For the Marxists "feudalism, fascism and imperialism" are inseparably linked, and the removal of the last of these is a precondition for the destruction of the other two. Whether leaders of the moderate opposition really believe that Marcos could survive without American support is unclear. But it is perhaps part of the colonial legacy that there remains an exaggerated view of what the American government can accomplish in the Philippines.

In late 1972, at a time when rumors of an impending declaration of martial law were widespread in Manila, the U.S. Ambassador, Henry Byroade, who also heard them, reportedly urged Marcos not to proceed. Having been assured that no such action was even being contemplated, the Ambassador was taken by surprise when, a few days later, Marcos imposed martial law. Whether at higher levels in Washington there was foreknowledge or advance acceptance of martial law remains unclear. It is clear, however, that American officials most familiar with the Philippines recognized from the beginning the danger to the Philippines and to American interests of a prolonged interruption in the democratic process and feared that this might be Marcos' intention.

In any case, the American ability either to maintain Marcos in office or to persuade him to restore a genuinely competitive democracy seems exaggerated. While American financial and material assistance is important to the President, it is not essential to his survival. Given the strength of his internal power base, the availability of other sources of loans, investments and military hardware, and the recent experiences of the Shah of Iran and of Nicaragua's General Anastasio Somoza, it is not likely that American pressure could persuade Marcos to relinquish power if he were not inclined to do so.

In fact, the Philippine policy established by the Nixon, Ford and Carter Administrations since September 1972 has followed two tracks. The United States has sought to maintain its long-standing good relations with the Philippines and thus with the Philippine government of the day. At the same time, it has taken a consistent, if low-key, critical stance toward martial law and has criticized reported human rights violations, which have proliferated under martial law.[21]

All three American Administrations have attached particular importance to the bilateral Mutual Defense Treaty of 1951 and to the continued use by American air and naval units of the previously American, now Philippine, military bases at Clark Field and Subic Bay. Both of these positions were reaffirmed by the Carter White House in January 1979, following bases negotiations begun during the Ford Administration. In return for the contin-

[21] An excellent account of Philippine-American relations during the Marcos presidency through 1977 may be found in Claude A. Buss, *The United States and the Philippines*, Washington, D.C.: American Enterprise Institute for Public Policy Research, 1977.

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ued use of the bases, the Carter Administration agreed to make its best effort to obtain, over a five-year period, $500 million in security assistance appropriations for the Philippines.

The American presence at these two military bases has been a particular *bête noire* for the Philippine Left and has been criticized by other Filipinos as being more likely to act as a magnet for foreign attack than a source of protection. The 1979 agreement on use of the bases has been attacked by many of Marcos' opponents as a sign of U.S. support for martial law. Yet in view of the growing Soviet naval presence at Cam Ranh Bay, several hundred miles from the Philippines, the strategic importance of these bases to both the American and the Philippine governments is difficult to dispute.

Criticism of the financial aspects of the agreement also seems somewhat exaggerated. The total $500 million agreed to by the Carter Administration is one quarter of the sum originally suggested by the Philippine government and one half of that reportedly offered by Secretary of State Henry Kissinger during the last weeks of the Ford Administration. Of the sum being provided, 40 percent is in the form of economic aid, channeled through the Agency for International Development for standard AID-type development projects; 50 percent is in military sales credits; and only ten percent, or $50 million, is to be in outright military aid grants. By comparison, that sum is a small fraction of the loans extended to the Philippines by various international lenders and of estimates of the President's personal fortune. It is difficult to believe that the Marcos regime would depend on such a modest sum for its survival.

Nor is it evident that the use of the bases represents American participation in the Philippine military's control of the Filipino people. It is Philippine policy not to allow foreign ground troops into the Philippines for defense except as a last resort, and it seems highly unlikely that American troops would be introduced into the Philippines to help an autocrat suppress a popular revolt. As it is, the few American officers of the American Military Assistance Group stationed in Manila are under instructions to stay away from the war zones in the south. A similar policy is pursued by the U.S. AID Mission, which takes no part in development programs in the Muslim regions.

The American AID Mission has been in the Philippines since the late 1940s and has operated under a succession of Philippine administrations. In Fiscal Year 1981 the United States will provide $38.5 million in development aid in the form of loans and grants (in addition to the funds for economic development provided under the military bases deal). AID staff members think highly of the Marcos Administration's rural infrastructure development programs which, in line with the American congressional mandate and with current developmental thinking, place a special emphasis on improving the earning capacity of the rural poor. While the Americans would have preferred to see a more thoroughgoing program of land reform, they recognize that it goes considerably further than previous efforts. The fact is that while they are privately appalled by the venality of the Marcos Administration, American and other foreign economists are more impressed by the overall economic policies of the Marcos Administration than by those of his predecessors or of his critics in the Filipino business community and their opposition allies.

The United States represents the largest source of foreign investment in the Philippines—an estimated one billion dollars, roughly three times the estimate for its closest competitor, Japan. During the colonial and early post-colonial periods, American property owners in the Philippines enjoyed certain special privileges. But these were gradually ended during the early 1970s, and

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Americans now operate under the same conditions as other foreign investors in the Philippines. Indeed, much of the recent foreign investment has come from Japan and Western Europe rather than from the United States.

A most important, if intangible, American asset in the Philippines is the continuing goodwill and trust of a large portion of the older generation of Filipinos from all social strata. The preservation of this asset should be a major objective of American policy. Filipino goodwill toward the United States and toward individual Americans is the legacy of a half-century of relatively benign colonial rule, of a shared struggle against Japan during World War II, and of a "special relationship" between the two countries, persisting since the establishment of Philippine independence in 1946. As a result, English serves as the lingua franca of the elite and is understood by a large part of the population. American cultural influence is pervasive; the American model of modernity dominates all others. For Filipinos, the United States is still the best known and most admired example of a stable democracy, and remains the Philippines' only tested ally.

Filipino attitudes toward the United States were demonstrated a few years before the declaration of martial law when a movement proposing American statehood for the Philippines won surprisingly wide support. Today the United States is still the preferred destination for long lines of would-be immigrants, the principal place of study for those seeking foreign degrees, the preferred place of asylum for Filipino political exiles of all ideological persuasions, and the main stage for efforts by both the opposition and the Marcos government to win foreign sympathy and support.

One result of this pervasive American impact on the Philippines is that members of all established political groups, including the older Marxist leaders, have a good deal of knowledge and understanding of the United States; and, whatever their views about us, they have had some experience in dealing with Americans on matters of mutual interest. All of the leading members of the United Democratic Opposition, including those most noted for their strictures against American policies and American influence in the Philippines, have been involved for many years in hammering out the terms of the evolving relationship between the two countries. There are few, if any, among the democratic opposition with whom an American government could not develop a mutually acceptable intergovernmental relationship.

However, this assumption cannot be made about the next generation of opposition leaders. Younger Filipinos have no personal recollection of the prewar years or of World War II; their formative years were the 1960s, the decade of stridently anti-American nationalism. For this reason, it is in the American interest to see a return to democratic government while the older generation of leaders is still on the scene.

For the present, it seems unlikely that a non-communist government replacing the Marcos regime would abrogate American rights to use the military bases in the Philippines, although the new government would be compelled by the rhetoric of the present opposition to renegotiate the terms of such use. Similarly, it is unlikely that such a new government would—or could—reverse the industrialization strategy established by Marcos, which depends heavily on foreign investments. Certain foreign firms making the least useful contributions to the Philippine economy, might, of course, be expelled, and the requirements for new investments would surely be tightened to some degree. However, unless the American connection were replaced by

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a Soviet or a Japanese one—both equally unlikely for different reasons—a Philippine government committed to foreign-assisted security and development simply has no other place to go.

Historically, the United States has had a special interest in maintaining constitutional democracy in the Philippines. Its establishment was the major announced goal of American colonial policy and a precondition for granting independence in 1946. For almost three decades thereafter, the Philippines was portrayed as the "show window of American democracy" in Southeast Asia. Though a Filipinized, nineteenth-century version of its American model, it functioned fairly well, and before martial law it gave promise of adapting itself to the changing needs and pressures of the time. Nevertheless, martial law was preceded by a period of growing cynicism about the value of preserving a form of government which brought with it massive corruption and few benefits for the poor. The blame, of course, lies in part with Marcos himself, for he was the country's elected president at the time. The traditional American association with Philippine democracy helps explain the dismay with which Marcos' declaration of martial law was greeted at the American Embassy in Manila. It also accounts for the American position during the Nixon, Ford and Carter Administrations toward martial law.

Formally and correctly, that position, in the words of one American official, was one of "neither approving or not approving" of martial law. Informally, however, all three Administrations sent signals, which should have been clear to those who were willing to see them, of American doubts about the need for imposing martial law and of American hopes for its early termination. This view was communicated both privately and publicly by several American ambassadors and, finally, by Secretary of State Edmund Muskie. It has been expressed symbolically by the fact that President Marcos has not been invited to Washington for a state visit since before 1972, when martial law was imposed. In the Philippines, where visits to the American capital are considered important for every president, the meaning of this omission is clear.

In addition, during the Carter years there was repeated public criticism of the state of human rights in the Philippines, particularly with regard to the treatment of political prisoners. High American officials have interceded on behalf of prominent political detainees, and Filipino officers believed to have been involved in torturing of prisoners have been excluded from training programs in the United States.

IX

Some critics have suggested that the Philippines may become another Iran or Nicaragua and that American policy should be guided by its experience in these countries. It can be argued that a moderate, pro-American dictatorship might be less objectionable from the American point of view than an equally harsh but strongly anti-American replacement.[22] But the parallel can be overdrawn. The Philippines has had seven elected presidents since the end of World War II. All have maintained good relations with the United States, and all but one have adhered to the rules of democratic politics. Thus, the Philippines differ from Iran and Nicaragua in two significant ways. First,

[22] The most persuasive statement of this position has been made by the new Administration's ambassador to the United Nations. See Jeane Kirkpatrick, "Dictatorships and Double Standards," *Commentary*, November 1979, pp. 34–45.

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authoritarian government is not the norm in the Philippines and, even under the most skillful rulers, cannot be maintained indefinitely. Second, while Marcos has been a good friend of America, the United States has many other friends in the Philippines. Only a minority of Filipinos can be called anti-American, and of these only a minority hope for the establishment of a communist regime.

For these reasons the United States has both fewer, and more, options than it seemed to have in Iran or Nicaragua. It has fewer options in that it cannot tie its interests to the maintenance of a friendly dictatorship. It has more options in that there are other capable and popular Filipino leaders, well known to American officials, who would restore a political system more attractive both to Filipinos and to Americans, leaders who would not be significantly less friendly to the United States than is the Marcos regime. However, the longer the restoration of democracy is delayed, the greater the possibility becomes that the present authoritarian system will be replaced not by a democratic but by a totalitarian—and bitterly anti-American—government.

Marcos cannot reestablish a genuinely competitive democracy without putting his political power at risk. The United States cannot force him to take such a risk. But with regard to the most recent constitutional amendments, we should not assist him in passing off an imitation of democracy as the real thing. It is important for future good relations between the two countries that whatever Filipinos may believe the American role to have been in supporting the declaration of martial law in 1972, they must be convinced that the United States did not conspire in, does not approve of, and will not accept without strong protest the imposition now, by undemocratic means, of something similar to martial law as a permanent form of government.

Finally, the Carter Administration, in calling Marcos' attention to the human rights violations committed by some of his subordinates, was in the good company of a large portion of the Philippine clergy and of the democratic opposition's most courageous and respected leaders. Nevertheless, having been absolved by President Marcos of liability for any past mistreatment of political prisoners, Constabulary members are likely to continue their abuses. Nothing would be gained—and much would be lost—if the United States were now to lessen its interest in the human rights of a people with whom it has had a long and friendly relationship.

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COMMENT AND CORRESPONDENCE

GLOBAL POWER AND U.S. INFLATION

To the Editor:

Among the several things that David Calleo tries to demonstrate in his article "Inflation and American Power," in your Spring issue, the greatest potential for new insights for both the scholar and policymaker lies in his argument explicitly linking global power and world inflation. I believe that the nexus between the two is important and deserves more attention than it has yet received in the literature. While Mr. Calleo commendably explores this connection, an important part of his conclusion does not withstand careful scrutiny, which is disappointing since it is that part which comprises the novel portion of his argument.

At this crucial point, Mr. Calleo claims that the United States was able to draw on its "broader geopolitical power" throughout the 1970s to prevent retaliation by its allies and OPEC for American inflation and the persistent devaluation of the dollar. He tries to hold his argument together with three crucial linchpins. Each describes how United States power supposedly was exercised in order to foist inflation and dollar depreciation upon these countries. However, each also requires more explicit description of that process than Mr. Calleo is able to provide.

First, Mr. Calleo argues that the United States used the security dependence of Western Europe and Japan to prevent them from retaliating against American inflation and the depreciating dollar. The Europeans in fact took deliberate action to moderate the depreciation of the dollar by massive intervention in the foreign exchange markets. Mr. Calleo is vague as to what else the Europeans and Japanese might have done that was discouraged by U.S. leverage deriving from its security umbrella. Clearly, the United States was unwilling to exercise enough military power to induce the West Germans to stimulate their economy during the 1976–78 controversy over the "locomotive theory" before it became necessary to institute more contractive U.S. economic policies. As Robert O. Keohane has pointed out, while the United States might have drawn upon its military power in this conflict, the costs of doing so would likely have been exorbitant. Mr. Calleo overlooks the possibility that the depreciation of the dollar may have been a means to another end (e.g., of encouraging expansion of the West German economy) rather than the goal of U.S. policy. Furthermore, United States and allied interests were not necessarily entirely in conflict over this issue. American inflation not only reduced the real price of oil to the United States, as Mr. Calleo notes, but the resulting depreciation of the dollar also reduced significantly the price of oil, paid for in dollars, to Japan and Western Europe.

His second contention is that the United States again used the security dependence of some of the Middle East countries to restrain OPEC from raising oil prices to compensate "adequately" for inflation and the depreciating dollar. While military power is probably more useful for leverage over economic issues in the Middle East than in Western Europe, similar criticisms apply to this as to his first linchpin. He overlooks Saudi pressure on the United

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States, exemplified by the 1978 ultimatum to support the value of the dollar or be subjected to large oil price increases. Again, he is vague in explaining why American military power—instead of Saudi and Iranian desire to see the Western economies healthy in order to maintain OPEC solidarity or their aversion to radical oil exporters accumulating vast international reserves and financial power—caused Saudi Arabia and Iran to be voices of moderation within OPEC. It is a conventional interpretation that the original OPEC price increases were made possible by the decline of American power in the region, which Mr. Calleo describes as "overwhelming American ascendancy" after 1973. His argument that arms sales had a moderating influence on the Saudis and the Shah simply does not square with Henry Kissinger's acquiescence in the original price increases in order to provide Saudi Arabia and Iran with the wherewithal to make large arms purchases.

To the extent that American military power might have had a moderating impact on Saudi and Iranian policies, it would have done so because Soviet behavior in the Middle East was threatening. But this behavior in itself contradicts Mr. Calleo's third contention.

He argues that détente between the United States and Soviet Union was sufficient to inhibit direct Soviet challenges and support for those inclined to challenge the United States in the non-communist industrialized countries and the Middle East. Mr. Calleo claims that the superpowers found Europe and the Middle East too important to their vital interests to be an arena of competition. Granting, only for the sake of argument, that détente reduced Soviet support in Europe for anti-American elements, Mr. Calleo acknowledges at an earlier point in his article that American influence too was reduced. As far as the Middle East is concerned, it should be noted that it was the lack of a code of behavior in third areas such as this which was largely responsible for the failure of détente. Mr. Calleo's claim ignores an embarrassingly long list of countries in which the Soviets were active directly or indirectly during the mid- and late 1970s: Afghanistan, Ethiopia, Iraq, Libya, Somalia, Syria and South Yemen. Soviet activity in these countries cannot be construed as unrelated to a Middle East strategy. This fact is probably more responsible for Saudi and Iranian sympathy for Western economic woes after the oil crisis than alleged U.S. arm twisting. If the United States has derived any leverage over these Middle East countries from its military capability, it has been because the Soviet Union has cooperatively demonstrated that American power might be useful to them.

Mr. Calleo's policy recommendation is to abandon "pretensions" to world hegemony by allowing the allies to take up a greater burden of their defense and giving them more influence within the alliances. This reflects the same aversion to hegemony that Mr. Calleo displays in his other written work, and which makes his analysis somewhat one-sided. Aside from the fact that he does not examine the costs to the United States and its allies of American withdrawal from around the world—nor the increased complications of managing the NATO alliance—Mr. Calleo paradoxically does not seem to be concerned with aggravating inflation in those countries which would have to increase their defense expenditures. It may well be that the allies would prefer to bear the costs of the common defense in the form of inflation "imported" from the United States, rather than in the form of inflation generated in their own economies and only partially exported. Moreover, it is interesting that he tries to persuade U.S. policymakers to relinquish the very power which he argues is so effective in wringing concessions from allies.

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While it is important to do some thinking about inflation and American power, and world inflation and global politics, a convincing explanation probably will be more subtle and complex than the one Mr. Calleo presents.

C. Randall Henning
The Fletcher School of Law and Diplomacy

C. Randall Henning is currently writing a doctoral dissertation on political problems of macroeconomic policy coordination at The Fletcher School.

Mr. Calleo replies:

Mr. Henning appears unconvinced that America's geopolitical power is related to its capacity to continue inflationary policies harmful to other nations. I am not clear how he may be persuaded.

Analysts of all sorts have been studying the exercise of power for several centuries. A vast theoretical literature exists on the relationship of political and economic power—internationally as well as domestically. To be sure, while the direct use of force to affect economic behavior is hardly unknown in human affairs, relations among modern nations fortunately are usually more complex. The "national interest" of individual countries is seldom clear cut; the factors, conscious and unconscious, weighing on policymakers can seldom be ranked with mathematical precision.

In the postwar order, the United States has had a unique capacity to export a good part of the consequences of its domestic inflation. In most technical studies, this capacity is commonly ascribed to the combination of the reserve role of the dollar, the many transnational actors and institutions that transmit American monetary conditions to the rest of the world, and our huge and relatively insulated domestic economy. At least the first two of these special circumstances, however, are part and parcel of the international system as a whole. Changing these circumstances by the power of others would necessitate radical changes in that international system. For Europeans to shield themselves against a superabundant and erratic money supply, for example, would require, in the end, building some kind of bloc structure that would regulate the inflow of American money and goods, a new version of the "protectionism" of the 1930s. Among other things, it would most likely involve a scramble for world markets.

Such a direction for the Europeans' policy hardly seems compatible with their close military relations with us, relations that, in effect, constitute a protectorate. Not surprisingly, European governments have counted their many blessings under the present system and have been sensitive to the dangers of radical change. Whenever their inhibitions have seemed to be wearing thin, the United States has not been bashful about reminding them of their dependence. Europeans have, nevertheless, grown progressively fed up. Since 1978, their displeasure, combined with that of OPEC, has pressed us to defend the dollar and thus increasingly constrained domestic American economic policy. Fortunately, we have so far yielded sufficiently to their pressure to prevent more extreme reaction. To repaint a point that should be obvious: this whole evolution has necessarily been highly complex. There is no shortage of studies of the details. Efforts to come to grips with the larger implications, however, are sparse.

In his conclusion, Mr. Henning suggests that I have a long-standing aversion to American pretensions to world hegemony. I would propose another

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interpretation: I cannot myself support policies that separate us from our friends abroad and lead to bankruptcy at home. It is a poor servant of American power who rejoices in seeing it squandered. History is full of the wrecks of nations which could not control themselves.

VOA AUDIENCE APPEAL

To the Editor:

Kenneth L. Adelman's "Speaking of America: Public Diplomacy In Our Time," in your Spring issue, is a timely reminder of an often overlooked aspect of foreign policy and includes much needed discussion of the strategies of international communication. However, except for a few sentences of speculation and some audience-size statistics, the wants and needs of the international broadcast listener are overlooked. His analysis seems congruent with the antiquated "hypodermic" theory of persuasion—i.e., get the right message through and the desired effects will follow. Mr. Adelman mentions the listening motivations of Soviet dissidents and Afghan freedom fighters. Most of the potential international radio audience, most of the time, lives under more ordinary circumstances. They might not always be willing to listen to the dryly presented and voluminous news, commentaries, and background reports which characterize the content of the Voice of America and most other international stations.

U.S. International Communication Agency and BBC audience research shows that the BBC has larger audiences than the Voice of America in most Third World target areas. Not all of this can be attributed to signal strength differentials. Listen to a few days of the BBC World Service, then to a few days of VOA English output. (Any American with a $50 shortwave radio can.) The contrasts soon become apparent. The BBC, through some very attractive programming, makes a real effort to retain its listeners' attention. The VOA, while admirably honest and objective, is also pedagogical and boring. Even many of the VOA disc jockeys, in an effort to make their English understandable by all, sound robot-like. Mr. Adelman suggests that "the quality of VOA roughly equals that of most Western commercial stations." More likely, the liberties that VOA takes with its listeners' attention spans would make most Western commercial radio producers cringe. Even if the audience exists in a situation of information sparsity, there are certain distinct aesthetic attributes of radio which cannot be ignored.

Mr. Adelman would have American international broadcasting move away from the example of the BBC to the more polemic tone of Radio Moscow. Again, USICA and BBC research shows that Radio Moscow, with all its powerful transmitters, has relatively tiny audiences in the Third World. A 1978 USICA Third World listener panel project includes many statements as to why Radio Moscow cannot hold an audience: its programming is too persistently persuasive and too persistently political.

Successful international broadcast communication involves a mutual accommodation of the needs of the sponsoring nation and those of the potential audience. Mr. Adelman deals explicitly and usefully with the former but, for the most part, sidesteps the latter. The new money being infused by the Reagan Administration must include, with top priority, funding for the expensive, difficult, unglamorous task of listener research. A uses and gratifications approach to public diplomacy would let us know what the potential

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audience would be willing to listen to, and why. With such knowledge, palatable programming serving U.S. policy objectives can be designed. Without attention to audience attention, the multimillion-dollar international broadcast transmissions may amount to little more than meaningless messages.

KIM ANDREW ELLIOTT
Assistant Professor of Communication Studies
University of Massachusetts (Amherst)

The writer was an analyst at the United States Information Agency Office of Research during the summer of 1977. His University of Minnesota doctoral dissertation, "An Alternative Programming Strategy for International Radio Broadcasting," was completed in 1979.

Mr. Adelman replies:

To be criticized for things unsaid or misinterpreted is the lot of every author, but there are limits. Mr. Elliott writes that I "would have American international broadcasting move away from the example of the BBC to the more polemic tone of Radio Moscow." I said precisely the opposite with what I thought was clarity and emphasis: "VOA does the most good in societies where polemics and distortions fill the home airwaves. To beam its own polemics and distortions on the news—albeit from the opposite ideological vantage point—would cripple VOA's stature."

Mr. Elliott's point about listener needs is, thankfully, better. It is nice to have large audiences. Perhaps this can even be advanced through a "uses and gratifications approach to public diplomacy." I don't know.

But I do know that VOA is not a commercial station which must constantly gaze at its ratings. An international CBS or NBC or ABC is fine, but not with taxpayers' money. Rather, VOA must be fashioned to meet national interests as outlined in the article, not to play to larger audiences (for instance) by throbbing pop music and screeching disc jockeys all day long.

The larger the audience, the more "gratification" it receives, surely the better—so long as VOA is first and foremost "speaking of America" in credible and forceful terms with some relation to U.S. foreign policy goals.

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RECENT BOOKS ON INTERNATIONAL RELATIONS

Edited by Lucy Edwards Despard

General: Political and Legal

John C. Campbell

DUTIES BEYOND BORDERS: ON THE LIMITS AND POSSIBILITIES OF ETHICAL INTERNATIONAL POLITICS. By Stanley Hoffmann. Syracuse: Syracuse University Press, 1981, 288 pp. $18.00 (Paper, $9.95).

In a series of five published lectures, Professor Hoffmann addresses the age-old problem of the place of morality in relations among states. Being a liberal humanist and also a keen observer of the game of power politics and the pursuit of national advantage as it has been and still is played, he is constantly searching for the compromises and balances and practical forward steps that will maximize the possibilities for human rights and a more just and moderate world order—and one which will survive. He does so with his usual display of learning, rationality and felicity of expression.

THE POLITICS OF HUMAN RIGHTS. Edited by Paula R. Newberg. New York: New York University Press, 1981, 256 pp. (New York: Columbia University Press, distributor, $22.50; paper, $9.00).

Papers on a dozen different aspects of the role of human rights in U.S. foreign policy, originally done for a UNA-USA policy panel and here published in expanded form. As the editor acknowledges, writing on human rights has become a minor growth industry, yet these authors find some new things to say both on the fundamental relationships of individuals and governments and on the practical decisions of foreign policy.

THE THIRD WORLD CALAMITY. By Brian May. Boston: Routledge & Kegan Paul, 1981, 274 pp. $19.95.

A European journalist's hard-hitting indictment of myths to which he feels the West, as well as the Third World itself, has fallen victim. Drawing on his knowledge of three key countries—Iran, India and Nigeria—he cites the cultural barriers and constraints that make Western technology, World Bank projects and Brandt Commission reports quite irrelevant; these are and will be "dead-end societies." The arguments are not novel and the author overstates his case, but the problem is undeniable—and probably insoluble in the terms in which it has been approached.

BELGRADE AND BEYOND: THE CSCE PROCESS IN PERSPECTIVE. Edited by Nils Andrén and Karl E. Birnbaum. Alphen aan den Rijn (Netherlands): Sijthoff, 1980, 192 pp. $27.50.

Andrén and Birnbaum present what is in the nature of a progress report after Belgrade and before Madrid, with well-informed contributors giving the respective outlooks of the superpowers, the European Community, Eastern Europe and the neutrals. The optimism that many of them express seems, in view of the shambles at Belgrade and the deterioration of the climate of détente, a bit forced.

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DYNAMICS OF THIRD PARTY INTERVENTION: KISSINGER IN THE MIDDLE EAST. Edited by Jeffrey Z. Rubin. New York: Praeger, 1981, 303 pp.

Under the auspices of the Society for the Psychological Study of Social Issues a battery of professionals from different disciplines—political science, psychology, labor-management mediation, law—subject Henry Kissinger's Middle East diplomacy to a searching comparative critique in an effort to throw light on the process of conflict resolution through the intervention of third parties. The results are interesting, although not extraordinary, and hardly would impress the former Secretary, who declined an invitation to comment on the essays, presumably reserving his right of reply for the second volume of his memoirs.

General: Military, Technological, and Scientific

Andrew J. Pierre

DIPLOMACY OF POWER: SOVIET ARMED FORCES AS A POLITICAL INSTRUMENT. By Stephen S. Kaplan and others. Washington: Brookings, 1981, 733 pp. $29.95 (Paper, $14.95).

Maintaining the high standard of Kaplan's previous study of U.S. armed forces as a political instrument (*Force Without War*, with Barry Blechman, 1978), this volume examines the Soviet experience on the basis of multi-authored case studies. The historical record is comprehensively examined. Now that the U.S.S.R. has achieved strategic parity and has more capable conventional forces, the Kremlin's decision to intervene may be made more prudently, it is argued. Yet Michel Tatu's chapter on Soviet intervention in Eastern Europe is not comforting with respect to the prospects in Poland.

LA SÉCURITÉ DE L'EUROPE DANS LES ANNÉES 80: LES RELATIONS EST-OUEST ET LE THÉÂTRE EUROPÉEN. Edited by Pierre Lellouche. Paris: Institut Français des Relations Internationales, 1980, 415 pp. Fr. 85.

The best work to be published in France on this subject in recent years, this is the first of a series distributing the research activities of the French Institute of International Relations. Given the frequent drawbacks of a compendium volume—there are two dozen authors here—the topics and authors are exceptionally well selected. The contributions by the French are more interesting and original than those of the many other Europeans and Americans, and include an essay by a French communist. Pierre Lellouche's synthesis (and own analysis) is particularly well done. A promised second volume on the "exterior," or North-South dimensions of European security, should be even more interesting.

WESTERN SECURITY: WHAT HAS CHANGED? WHAT SHOULD BE DONE? By Karl Kaiser, Winston Lord, Thierry de Montbrial and David Watt, with the Assistance of an Advisory Group. Bonn: Forschungsinstitut der Deutschen Gesellschaft für Auswärtige Politik/New York: Council on Foreign Relations/Paris: Institut Français des Relations Internationales/London: Royal Institute of International Affairs, 1981, 48 pp.

A quadrilateral report issued under the names of the four directors of the

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leading institutes of international relations in the respective countries, assisted by a group of scholars, former officials and journalists, this document has received a great deal of attention on both sides of the Atlantic. Dealing with the major problems of the Western Alliance at a time of considerable discord, it presents a negotiated consensus on outstanding issues. The most novel idea is for groups of "principal nations" to consult and coordinate their policies on political and security issues outside of NATO's formal area of responsibility.

THE THREE PER CENT SOLUTION AND THE FUTURE OF NATO. By the Staff of the Foreign Policy Research Institute. Philadelphia: Foreign Policy Research Institute, 1981, 118 pp. $6.95 (Paper).

Alexander Haig's uncertainty about NATO's aim of increasing defense spending by three percent annually (beyond inflation) may have been influenced by this study, with which he was associated. Well-written despite its committee authorship, it recounts the story of the three-percent goal during 1977–80. The study shows how an imaginative political symbol, which for a time led to real defense increases and alliance cohesion, is now seen as too little, too late by Washington and too generous by Bonn, thereby becoming a divisive issue.

NATO-STRATEGIE IN DER KRISE?: MILITÄRISCHE OPTIONEN VON NATO UND WARSCHAUER PAKT IN MITTELEUROPA. By K. Peter Stratmann. Baden-Baden: Nomos, 1981, 267 pp.

A comprehensive review of the many issues involving NATO's strategic doctrine. The author, who is with the Stiftung Wissenschaft und Politik in West Germany, is well steeped in the debate and its literature. One of the most important books in German on the subject.

POLITICS AND FORCE LEVELS: THE STRATEGIC MISSILE PROGRAM OF THE KENNEDY ADMINISTRATION. By Desmond Ball. Berkeley: University of California Press, 1981, 352 pp. $27.50.

As the U.S. commences a new buildup of strategic forces, there may be some value in taking a close look at a previous one. Fears of a "missile gap" vis-à-vis the Soviet Union expressed before President Kennedy's election led him to undertake a major missile buildup. By the time actual decisions were taken the existence of the missile gap was disproven, but the 1,000 Minuteman ICBM program went ahead as planned. The author deftly examines the complex political process at play, including the role of Congress, the military, and the pressures on the President. How was the 1,000 figure arrived at? Viscerally and according to what bureaucratic politics required, the author argues, in this meticulous and credible study.

REAL SECURITY: RESTORING AMERICAN POWER IN A DANGEROUS DECADE. By Richard J. Barnet. New York: Simon and Schuster, 1981, 160 pp. $10.95 (Paper, $4.95).

Written in an engaging style and obviously the product of a well-informed mind, this short book is a clear exposition of a liberal perspective on today's national security debate. Given the countertenor of the times, it is to be welcomed. Yet for those who follow the debate closely, there is disappointingly little that is new.

VERIFICATION AND SALT: THE CHALLENGE OF STRATEGIC DECEPTION. Edited by William C. Potter. Boulder (Colo.): Westview Press, 1980, 258 pp. $25.00.

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Verification of arms control may be arcane to some, but to others it is the most critical dimension of any agreement. This work is a most valuable contribution, bringing together for the first time the surprising amount of unclassified, yet hidden, information on the problem. The reader will learn much about American and, to a lesser extent, Soviet capabilities and perspectives on verification; the book has lasting value and is no less significant because of the present SALT deadlock. Verification, we are reminded, is as much art and politics as science. Disagreements abound here as in other dimensions of the strategic arms debate.

NERASPROSTRANENIE IADERNOGO ORUZHIIA I POLITIKA SShA. By V.F. Davydov. Moscow: Nauka, 1981, 278 pp. Rubles 1.

A Soviet expert on America and on arms control summarizes fully and quite fairly for Soviet readers the development of American thinking and policy on nonproliferation of nuclear weapons, from the 1950s through the 1970s. He finds the importance of the problem continually recognized by all administrations, but the results severely limited because of entrenched general policies on nuclear arms, the persistence of the cold-war mentality, and failure to take up enlightened Soviet proposals for détente and cooperation in the whole field of disarmament.

J.C.C.

THE NUCLEAR REVOLUTION: INTERNATIONAL POLITICS BEFORE AND AFTER HIROSHIMA. By Michael Mandelbaum. New York: Cambridge University Press, 1981, 283 pp. $29.95 (Paper, $8.95).

Complementing the author's 1979 work, *The Nuclear Question*, this volume goes back to Thucydides in asking basic questions about how atomic weapons are influencing balances of power, arms competition, and the general nature of international relations. A thoughtful, provocative and original discourse.

ENERGY AND THE NATIONAL DEFENSE. By Howard Bucknell III. Lexington: University Press of Kentucky, 1981, 235 pp. $19.50.

As our vulnerability to an energy shortage peaks in the 1980s, Bucknell perceives a profound threat to every facet of American life. The solution to our resource need is diversification as no single energy source will suffice. But current global politics make a gradual transition undesirably risky and too slow to be left to the free market; earlier transitions (from wood to coal, coal to oil and gas) took at least 50 years. The author sees the lifeline of the West out of its control, within reach of the Soviet Union, and urgently calls for an immediate centralized national energy plan. A well-organized survey of the implications of the energy problem.

ON THE ENDINGS OF WARS. Edited by Stuart Albert and Edward C. Luck. Port Washington (N.Y.): Kennikat Press, 1980, 174 pp.

War termination has not received much scholarly attention for more than a decade. This collection of essays is unusual, with contributions from such varied disciplines as social psychology, religion, sociology, political science and diplomatic history.

GASTOS MILITARES Y DESARROLLO EN AMERICA DEL SUR. By Centro de Investigaciones Economicas y Sociales de la Universidad de Lima. Lima: Universidad de Lima, 1980, 312 pp.

A detailed examination of military expenditures in Latin America which

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also evaluates the effectiveness of the Declaration of Ayacucho in limiting defense spending. The principal author is a Peruvian economist, José Antonio Ecinas Del Pando, who knows his subject well and who has contributed to U.N. studies on the relationship between arms expenditures and economic development.

General: Economic and Social

William Diebold, Jr.

BASIC RIGHTS: SUBSISTENCE, AFFLUENCE, AND U.S. FOREIGN POLICY. By Henry Shue. Princeton: Princeton University Press, 1980, 256 pp. $17.50 (Paper, $4.95).

"Rights are basic . . . if the enjoyment of them is essential to the enjoyment of all other rights." On that principle, the case for including subsistence along with personal security as a basic right is persuasive. The careful reasoning of this analysis befits a publication of the Center for Philosophy and Public Policy. The application of the ideas to policy is a little thinner.

OIL, DEBT AND DEVELOPMENT: OPEC IN THE THIRD WORLD. By Paul Hallwood and Stuart Sinclair. London and Winchester (Mass.): Allen & Unwin, 1981, 206 pp. $29.95.

OPEC: INSTRUMENT OF CHANGE. By Ian Seymour. New York: St. Martin's, 1981, 306 pp. $25.00.

Hallwood and Sinclair carefully examine the impact of OPEC on the non-oil-producing countries in the Third World. The effects, while serious, are found to be "by no means . . . disastrous." Mr. Seymour's history is sponsored by OPEC.

ECONOMIC STABILIZATION IN DEVELOPING COUNTRIES. Edited by William R. Cline and Sidney Weintraub. Washington: Brookings, 1981, 517 pp. $26.95 (Paper, $11.95).

WORLD INFLATION AND THE DEVELOPING COUNTRIES. By William R. Cline and others. Washington: Brookings, 1981, 266 pp. $15.95 (Paper, $5.95).

These two sophisticated and clearly written volumes throw a good deal of light on how developing countries have responded to inflation and what are the real effects of the process. Balance-of-payment difficulties seem to be easier to deal with than domestic inflation. And, for unexplained reasons, Asian countries seem to do better than the others in controlling inflation.

TRANSNATIONAL ENTERPRISES IN A NEW INTERNATIONAL SYSTEM. By Klaus W. Grewlich. Alphen aan den Rijn (Netherlands): Sijthoff, 1980, 240 pp. $42.50.

A German Foreign Service officer focuses on the place of direct investment in building an international economic system "responsive to the particular needs of the developing countries, while preserving the vital force of economic liberalism and the essential virtues of a free enterprise system." He suggests some constructive compromises but sees clearly the legal and administrative pitfalls.

INTERNATIONAL ECONOMIC DISORDER: ESSAYS IN NORTH-SOUTH RELATIONS. By Gerald K. Helleiner. Toronto: University of

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Toronto Press, 1981, 245 pp. $25.00.

This first-rate collection of papers by a Canadian professor deals with debt, trade, technology and other key issues in a challenging fashion.

INTEGRATION AND UNEQUAL DEVELOPMENT: THE EXPERIENCE OF THE EEC. Edited by Dudley Seers and Constantine Vaitsos. New York: St. Martin's, 1981, 359 pp. $32.50.

Economists concerned with core-periphery relations in the developing world will find a good bit of support for their general views in these interesting studies of what has gone on in the European Community and within some of its member countries.

A FRAMEWORK FOR DEVELOPMENT: THE EEC AND THE ACP. By Carol Cosgrove Twitchett. London and Winchester (Mass.): Allen & Unwin, 1981, 160 pp. $28.50.

This very good, concise account stresses the limits as well as the achievements of the two Lomé Conventions linking the European Community with the 60 ACP (African, Caribbean and Pacific) nations.

ENERGY IN A FINITE WORLD: PATHS TO A SUSTAINABLE FUTURE. Report by the Energy Systems Program Group of the International Institute for Applied Systems Analysis. Cambridge: Ballinger, 1981, 225 pp.

THE WORLD ENERGY TRIANGLE: A STRATEGY FOR COOPERATION. By Thomas Hoffmann and Brian Johnson. Cambridge: Ballinger, 1981, 240 pp. $20.00.

INTERNATIONAL ENERGY FUTURES: PETROLEUM PRICES, POWER, AND PAYMENTS. By Nazli Choucri. Cambridge: MIT Press, 1981, 247 pp. $27.50.

The report of the International Institute for Applied Systems Analysis is a fascinating picture of how a sustainable world energy system for the next 50 years can be achieved. Hoffmann and Johnson propose a course of cooperation among OPEC, industrial and developing countries that should maximize supplies of conventional and newer fuels. Choucri's complex model is used to test a variety of ideas as they affect producers, users and oil companies.

ENERGY IN AMERICA: FIFTEEN VIEWS. By the Center for Study of the American Experience. Los Angeles: University of Southern California Press, 1980, 285 pp. (New Brunswick, N.J.: Transaction Books, distributor, $22.50).

SECURING U.S. ENERGY SUPPLIES: THE PRIVATE SECTOR AS AN INSTRUMENT OF PUBLIC POLICY. By William G. Prast. Lexington (Mass.): Lexington Books, 1981, 111 pp. $15.95.

The experts contributing to the first volume are generally optimistic so long as the oil price is high enough. Mr. Prast, a consultant and professor, has some clear-cut, no-nonsense proposals for limiting the role of the U.S. government in the energy program to where he thinks it can do the most good.

NATURAL RESOURCES IN U.S.-CANADIAN RELATIONS. VOL. II: PATTERNS AND TRENDS IN RESOURCE SUPPLIES AND POLICIES. Edited by Carl E. Beigie and Alfred O. Hero, Jr. Boulder (Colo.): Westview Press, 1980, 609 pp. $27.50 (Paper, $12.00).

The most valuable contribution of this book is a collection of detailed case studies of half a dozen minerals, the fertilizer industry, and forest products, all

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of which play a very large part in Canadian-American trade and investment.

STATE-OWNED ENTERPRISE IN THE WESTERN ECONOMIES. Edited by Raymond Vernon and Yair Aharoni. New York: St. Martin's, 1981, 203 pp. $27.50.

Everybody complains about government corporations, but systematic knowledge about them is scarce. The short papers in this volume—which vary greatly in approach—provide a good summary of the issues of fact, theory and practice which need attention.

The United States

Gaddis Smith

A LIFE IN OUR TIMES: MEMOIRS. By John Kenneth Galbraith. Boston: Houghton Mifflin, 1981, 563 pp. $16.95.

John Kenneth Galbraith ranks with the most entertaining and provocative political writers in America in this century. His ego is huge but not offensive; his wit irreverent. Many of his 21 previous books are autobiographical; nevertheless there is relatively little repetition here. The chapters on his ambassadorship to India during the Sino-Indian war, on the Vietnam war, and on Lyndon Johnson will provide historians with some new footnotes. Without Galbraith the political literature of our time would be far drearier.

A LIFE IN TWO CENTURIES. By Bertram D. Wolfe. Briarcliff Manor (N.Y.): Stein and Day, 1981, 728 pp. $29.95.

Bertram Wolfe (1896–1977) was one of the most interesting of American radicals. These unfinished memoirs carry his life through his opposition to American participation in World War I, his membership and rise to prominence in the American Communist Party, and his revolutionary activities in Mexico and Spain. Subsequently, he became an articulate anti-communist and brilliant historian with his *Three Who Made a Revolution* (1948).

SOLVENCY: THE PRICE OF SURVIVAL. By James Chace. New York: Random House, 1981, 115 pp. $9.95.

A wise and prophetic indictment of American leadership and society since the 1960s for squandering economic and military resources, failing to prevent inflation, and misperceiving vital interests. Brief autobiographical asides (the author's adult years began in the 1950s when American power was at its peak) add poignancy.

DEBACLE: THE AMERICAN FAILURE IN IRAN. By Michael Ledeen and William Lewis. New York: Knopf, 1981, 288 pp. $14.95.

President Carter and his Administration are charged with failures of perception, naïveté about the Ayatollah Khomeini, inconsistency and confusion. The authors seem to realize that it is not possible to say with certainty what policy would have averted the "debacle," but they do believe the Administration should have been more supportive of the Shah.

THE AMERICAN FUTURE: NEW VISIONS BEYOND OLD FRONTIERS. By Tom Hayden. Boston: South End Press, 1980, 325 pp. $6.00 (paper).

The author, an unbowed crusader for an indigenous American Left, condemns corporate power, environmental degradation, and a militaristic

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foreign policy. He synthesizes the views of William Appleman Williams, Richard Barnet and Barry Commoner among others. He notes a trend toward "conservative authoritarianism" but still hopes for the creation of "democratic and participatory economic planning." The most interesting chapter deals with cancer as "the paradigm disease of the petrochemical age."

MEMORANDUM FOR THE PRESIDENT: A STRATEGIC APPROACH TO DOMESTIC AFFAIRS IN THE 1980s. By Ben W. Heineman, Jr. and Curtis A. Hessler. New York: Random House, 1981, 404 pp. $17.95.

POLITICS AND THE OVAL OFFICE: TOWARDS PRESIDENTIAL GOVERNANCE. Edited by Arnold J. Meltsner. San Francisco: Institute for Contemporary Studies, 1981, 300 pp. (New Brunswick, N.J.: Transaction Books, distributor, $18.95; paper, $7.95).

The change of administrations invariably revives a cottage industry: publishing advice for the new President. The Heineman and Hessler book, written before the 1980 election by two sub-cabinet members of the Carter Administration, is an excellent description of the federal bureaucracy and a cogent plea for intelligent planning on use of resources by the President. The Meltsner book is directed specifically to President Reagan and contains a similar message, although the analysis of 13 authors is thinner.

PORTRAYING THE PRESIDENT: THE WHITE HOUSE AND THE NEWS MEDIA. By Michael Baruch Grossman and Martha Joynt Kumar. Baltimore: Johns Hopkins, 1981, 358 pp. $26.50 (Paper, $9.95).

This is a first-rate book, especially on people and practices in recent years. It is based on extensive interviewing, personal observation, and careful analysis of the content and tone of print and broadcast reporting. The authors see the relationship of press and President as more cooperative than antagonistic. They conclude that presidents must learn that "the media play the central role in their struggle for control of political institutions" and that "news organizations must recognize that as the refracting lens for the public, they are a vital ingredient in the political system."

POWER AND CULTURE: THE JAPANESE-AMERICAN WAR, 1941–1945. By Akira Iriye. Cambridge: Harvard University Press, 1981, 336 pp. $22.00.

This is an important and original book. The author, equally expert in interpreting American and Japanese archival sources, emphasizes the parallel interests and outlooks between the two nations even while their armed forces were slaughtering each other. He sees the postwar rapprochement foreshadowed in the thinking of both Japanese and American officials as early as 1943. He argues that the Japanese government could and should have accepted the Potsdam Declaration of July 1945, thus ending the war by the beginning of August before the atomic bomb was dropped.

THE WINNING WEAPON: THE ATOMIC BOMB IN THE COLD WAR, 1945–1950. By Gregg F. Herken. New York: Knopf, 1981, 480 pp. $15.00.

An enthralling history, full of new information and superbly documented, on American policy toward the development and use of nuclear weapons from Hiroshima to the decision to build the hydrogen bomb. This is the story of how the United States came to "depend upon bigger and better bombs to keep—and shape—the peace."

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EISENHOWER AND THE COLD WAR. By Robert A. Divine. New York: Oxford University Press, 1981, 192 pp. $14.95 (Paper, $3.95).

President Eisenhower's reputation in the realm of foreign policy has been rising steadily for a decade. He brought the Korean War to an end and, most important, kept the country out of war in Vietnam. This volume presents the essence of the pro-Eisenhower point of view.

THE DIPLOMACY OF IDEAS: U.S. FOREIGN POLICY AND CULTURAL RELATIONS, 1938–1950. By Frank A. Ninkovich. New York: Cambridge University Press, 1981, 253 pp. $24.95.

The author defines cultural relations as "a specialized form of statecraft concerned with the management of intellectual influences in international politics." He then presents an intelligent and original analysis of the transformation of this statecraft from a generalized and benevolent means of increasing human understanding and the likelihood of peace to an unabashed instrument of national power in a world perceived as harsh and competitive.

THE DIPLOMACY OF SILENCE: THE AMERICAN FOREIGN SERVICE, THE SOVIET UNION, AND THE COLD WAR, 1933–1947. By Hugh De Santis. Chicago: University of Chicago Press, 1981, 270 pp. $23.00.

This study combines theoretical insights from psychology and philosophy with exemplary biographical and archival research in order to explain how U.S. Foreign Service officers came to share the bleak view of Soviet character and intentions described in the famous "long telegram" of George F. Kennan in 1946.

DIPLOMACY: THE ROLE OF THE WIFE. A Symposium. Washington: Institute for the Study of Diplomacy, School of Foreign Service, Georgetown, 1981, 88 pp. $4.50 (Paper).

In 1972 the State Department directed that spouses (meaning wives in almost all cases) of Foreign Service officers were free to pursue their own careers. They did not have to go to foreign posts and they were not to be mentioned in the efficiency reports prepared on the F.S. officers. But directives do not change reality, and husband and wife are still a team on many foreign assignments. Here are 25 personal commentaries by wives (both American and foreign), husbands, and diplomats on an intricate and important problem which lacks easy answers and which has ramifications far beyond the Foreign Service.

The Western Hemisphere

Robert D. Crassweller

POWER, POLITICS, AND PROVINCIALISM: CANADA SINCE 1945. By Robert Bothwell, Ian Drummond and John English. Toronto: University of Toronto Press, 1981, 496 pp. $19.95.

An excellent and greatly needed survey. The authors are impatient with the ponderous introspection which characterizes so much academic writing about Canada. Their theme, expressed in lively prose and from a Toronto point of view, is that "the period from 1945 to 1980 was one of almost uninterrupted economic growth whose benefits were widely shared among all levels of Canadian society and in all regions."

G.S.

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THE UNITED STATES AND BRAZIL: LIMITS OF INFLUENCE. By Robert Wesson. New York: Praeger (with the Hoover Institution), 1981, 179 pp.

The first of a projected series on the idea of influence in international relations, this study explores relationships between a superpower—the United States—and a putative Third World client state—Brazil. The stress is on the paradoxes and limits of power: superpower influence on a large state is limited to parallel areas of interest because contemporary standards and widespread competition have made both military and economic power generally unusable.

PRESIDENT CASTELLO BRANCO: BRAZILIAN REFORMER. By John W.F. Dulles. College Station: Texas A & M University Press, 1981, 557 pp. $27.50.

Continuing the account of Castello Branco's life and career that was carried up to 1964 in the first volume of this study, the author now presents the concluding years of the first of the post-revolutionary presidents. Equally well-researched and competent as the first book, the treatment here covers the period 1964–67, encompassing the foundations of the "Brazilian Miracle" in economic development and terminating with Castello Branco's death.

POLITICAL POWER IN ECUADOR. By Osvaldo Hurtado. Albuquerque: University of New Mexico Press, 1981, 398 pp. $29.95.

Beginning with the Audiencia of Quito in 1533, the author, a prominent Latin American sociologist, traces the evolution of power structures down to the present time. The work is thoroughly professional and has reached a wide audience in Ecuador. An important finding: economic growth has made income distribution even more regressive by accentuating the separation of city and countryside, geographical regions, and social classes.

PEASANT COOPERATIVES AND POLITICAL CHANGE IN PERU. By Cynthia McClintock. Princeton: Princeton University Press, 1981, 418 pp. $27.50 (Paper, $6.95).

This extensive analysis of political and economic structures developed by the Velasco government concludes that peasant political culture is less impervious to change than is generally thought. Unfortunately, neither Peru nor Velasco benefitted much because "although the Peruvian 'New Man' was a more participatory and trusting individual, the focus of these new attitudes was the self-managed enterprise [the cooperative] itself. Peasants remained rather unconcerned with the fate of other peasants . . . and they also continued to be skeptical of the national government."

RELIGION AND POLITICS IN LATIN AMERICA: THE CATHOLIC CHURCH IN VENEZUELA AND COLOMBIA. By Daniel H. Levine. Princeton: Princeton University Press, 1981, 342 pp. $22.50 (Paper, $6.95).

Thoughtful analysis and speculation are directed to religion and politics as the locus in which the relationship of thought to action, present and future, is worked out in institutional contexts. Latin America is in a state of cultural crisis, and "deep questioning and rapid transformation of the bases, legitimacy, and symbolic expressions of religion, politics, and social life in general are common throughout the region."

THE TAMING OF FIDEL CASTRO. By Maurice Halperin. Berkeley:

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University of California Press, 1981, 336 pp. $18.95.

In a sequel to *The Rise and Decline of Fidel Castro* (1972), the author covers the years from 1964 to 1968, a period that he believes brought the transition from revolutionary process to a mature, structured bureaucracy in the Russian style. The promise of civil liberties, of more abundant material goods and of intellectual creativity had been irretrievably negated.

REVOLUTION AND ECONOMIC DEVELOPMENT IN CUBA. By Arthur MacEwan. New York: St. Martin's, 1981, 265 pp. $22.50.

A Marxist-oriented investigation of the relationship between economic development and political participation in Cuba. The author finds a fair degree of success in political initiatives. The performance in agricultural production and in trying to resolve the contradiction between agricultural and industrial development has been weak.

HITLER'S SECRET WAR IN SOUTH AMERICA, 1939–1945. By Stanley E. Hilton. Baton Rouge: Louisiana State University Press, 1981, 353 pp. $20.00

Combining information and entertainment, this well-written thriller traces the World War II role of German military intelligence in Latin America. Notwithstanding its image of derring-do, the *Abwehr* was less a source of wartime pyrotechnics than a "plodding, utilitarian and rather mild-mannered organization whose plots and stratagems seemed—and often were—naïve and diffident."

THE AMERICAS IN THE 1980's: AN AGENDA FOR THE DECADE AHEAD. By Alejandro Orfila. Lanham (Md.): University Press of America, 1980, 166 pp. $17.25 (Paper, $8.75).

A general overview of the hemisphere's future prospects and their relationship to the OAS, by its Secretary General. Five basic principles of the Americas are discussed: juridical equality among nations; nonintervention in each other's affairs; inviolable national territories; peaceful settlement of disputes; and integrated development programs.

Western Europe

Fritz Stern

POLITICAL CHANGE IN EUROPE: THE LEFT AND THE FUTURE OF THE ATLANTIC ALLIANCE. Edited by Douglas Eden and Frederick Short. New York: St. Martin's, 1981, 163 pp. $20.00.

The alarming characteristics of the European Left, especially in the most vulnerable countries, i.e., Italy and Britain, are starkly analyzed in a series of essays that, *inter alia*, speak of "this new phase of brutalism" as something distinctly English, and warn, above all, against a rising tide of neutralism on the Left. A highly readable, perhaps excessively simple tract for our times.

EUROCOMMUNISM: THE IDEOLOGICAL AND POLITICAL-THEORETICAL FOUNDATIONS. Edited by George Schwab. Westport (Conn.): Greenwood Press, 1981, 325 pp. $25.00.

A collection of papers delivered three years ago at an American conference on a topic then intensely fashionable. Some of these contributions—most of which deal with ideological rather than political or social changes—remain

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relevant, as does the contention that the very appearance of the diverse phenomena that have been given the name "Eurocommunism" suggests the limits of Moscow's hold. The exceptional case, of course, was the Portuguese Communist Party, ably depicted here in the context of the Portuguese revolution.

THE FIFTH REPUBLIC AT TWENTY. Edited by William G. Andrews and Stanley Hoffmann. Albany: State University of New York Press, 1980, 521 pp. $34.00.

An exceptionally successful symposium on a remarkably stable, if changing, French regime. A good starting point for any analysis of the principal aspects of the French polity by a group of experts, capped by Stanley Hoffmann's masterly concluding essay.

THE CASTLE DIARIES, 1974–76. By Barbara Castle. New York: Holmes & Meier, 1981, 788 pp. $42.50.

As Secretary of State for Social Services, Barbara Castle was a member of Harold Wilson's Cabinet. The diaries deal mostly with the relatively tedious details of her portfolio, but glimpses of the idiosyncrasies of British politics and attitudes enliven the book. A member of the anti-Marketeering Left, she was "relieved" that the projected Channel tunnel was dropped, with this comment, "It is a kind of earthy feeling that an island is an island and should not be violated. Certainly I am convinced that the building of a tunnel would do something profound to the national attitude—and certainly not for the best."

AT THE MIND'S LIMITS: CONTEMPLATIONS BY A SURVIVOR ON AUSCHWITZ AND ITS REALITIES. By Jean Améry. Bloomington: Indiana University Press, 1980, 111 pp. $12.50.

A genre by itself, not unlike Jacobo Timerman's recent account: autobiographical reflections on the unimaginable scenes of torture and on the routinization of cruelty. Améry, an intellectual born in Vienna and raised in the Belgian Resistance before his years in Auschwitz, writes with the authenticity of experience, a controlled and informed passion, and a very considerable intelligence. In the growing literature on survival at the limits, this book will have a special place, with its contemplative tone and introspective honesty.

WITH RAOUL WALLENBERG IN BUDAPEST. By Per Anger. New York: Holocaust Library, 1981, 191 pp. $8.95.

A retired Swedish diplomat who was stationed in wartime Budapest describes his association with Wallenberg, who, with great ingenuity and courage, saved the lives of thousands of Hungarian Jews. In 1945 Wallenberg disappeared, and Per Anger agrees with those who think that he was kidnapped by the Russians and that he has been in prison ever since. An angry book, alleging that the Swedish Social Democrats, afraid of the Soviets, did not press the case, hence Wallenberg might have been "sacrificed on the altar of neutrality." A dramatic memoir and a multiple indictment.

THE INTELLECTUAL RESISTANCE IN EUROPE. By James D. Wilkinson. Cambridge: Harvard University Press, 1981, 358 pp. $20.00.

A major effort to recreate the thoughts and moral beliefs of Resistance intellectuals during and immediately after World War II in three countries: France, Italy and Germany. A kind of collective intellectual biography of a

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generation that, under vastly differing circumstances, thought that fascism and war had imposed on it a special responsibility and unique opportunities. A superb topic, handled with exceptional skill and empathy.

THE NAZI QUESTION: AN ESSAY ON THE INTERPRETATION OF NATIONAL SOCIALISM (1922-1975). By Pierre Ayçoberry. New York: Pantheon, 1981, 257 pp. $15.95 (Paper, $6.95).

An ambitious, only partially successful effort to review the major analyses of the Nazi phenomenon, beginning with the contemporary responses to Nazism and ending with present-day accounts. Lapses in the translation mar the book.

GERMANY TRANSFORMED: POLITICAL CULTURE AND THE NEW POLITICS. By Kendall L. Baker, Russell J. Dalton and Kai Hildebrandt. Cambridge: Harvard University Press, 1981, 384 pp. $25.00.

A book by political scientists, and based on an exhaustive study of quantitative data, which argues—in the jargon of the discipline—that the Federal Republic has become a more democratic polity than it was in the beginning. A lamentable triumph of obscuring the obvious, with remarkable insensitivity to historical precision.

THE FUTURE OF BERLIN. Edited by Martin J. Hillenbrand. Montclair (N.J.): Allanheld, Osmun (for the Atlantic Institute for International Affairs), 1981, 313 pp. $27.50.

A symposium of experts reviewing the political, economic and cultural prospects of West Berlin. Martin Hillenbrand, former U.S. Ambassador to Bonn and at present Director of the Atlantic Institute in Paris, and his collaborators probe the idea that "there is a real danger of stagnation, loss of élan, and that eventual withering, on which the Eastern side has come to count." The contributors contend that with the proper efforts this danger can be averted and Berlin can still become, at least in part, a model.

The Soviet Union and Eastern Europe

John C. Campbell

U.S.-SOVIET RELATIONS IN THE ERA OF DETENTE. By Richard Pipes. Boulder (Colo.): Westview Press, 1981, 227 pp. $25.00 (Paper, $10.00).

Author and publisher must have agreed that this is the optimum time to reissue the articles and papers written over the past decade by Professor Pipes, now the National Security Council's resident expert on the Soviet Union. In his preface he notes how right he was in his uncompromising views and how little heed to them was paid by those in charge of foreign policy during the Nixon and Carter years. In any event, he is consistent, he has historical perspective, and he is worth reading.

THE DOMESTIC CONTEXT OF SOVIET FOREIGN POLICY. Edited by Seweryn Bialer. Boulder (Colo.): Westview Press, 1981, 441 pp. $35.00 (Paper, $15.00).

Recognized specialists on the Soviet Union deepen and extend their investigation of elements in the Soviet system which carry weight in the determination of foreign policy. The two concluding essays by Alexander Dallin and Seweryn Bialer are instructive in showing what can be deduced from the

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record, and also how large is the remaining area of uncertainty and insufficient knowledge. An important book for all those interested in the wellsprings of Soviet policy.

SOVIET DISSENT IN HISTORICAL PERSPECTIVE. By Marshall S. Shatz. New York: Cambridge University Press, 1981, 214 pp. $19.95.

Political disaffection in Russia has followed many of the same patterns from the time of Catherine the Great to the present day. This broad study for the general reader examines and explains it in the context of Russian history, the character of the state and society, and the particular personal drives which have led members of the educated elite to choose the path of dissent.

RUSSIA'S FAILED REVOLUTIONS: FROM THE DECEMBRISTS TO THE DISSIDENTS. By Adam B. Ulam. New York: Basic Books, 1981, 453 pp. $18.95.

On the same theme as Shatz's work and at greater length, Adam Ulam starts with a reassessment of the Decembrists, skips to the discontented intellectuals and revolutionaries of Alexander II's time, concentrates heavily on those who made the revolutions of 1905 and 1917, and concludes with a brief treatment of dissent in the U.S.S.R. The book's interest lies less in the facts, which are familiar, than in Ulam's wide-ranging and stimulating interpretation of them, particularly his discussion of the role of Russian nationalism, and of why even political convulsion and social transformation have not changed the pattern of the cult of power and the persistence of the centralized bureaucratic state.

THE INERTIA OF FEAR AND THE SCIENTIFIC WORLDVIEW. By Valentin Turchin. New York: Columbia University Press, 1981, 300 pp. $19.95.

A series of short essays in which a former Soviet physicist interested in the philosophy of science and society discourses on history, human rights and socialism. More than a memoir of his own experience and persecution, it makes an original contribution to the understanding of the Soviet system and to the literature of the dissident intelligentsia.

BORODIN: STALIN'S MAN IN CHINA. By Dan N. Jacobs. Cambridge: Harvard University Press, 1981, 448 pp. $25.00.

Dan Jacobs has rescued from relative obscurity the life story of Mikhail Borodin: his early struggle as a Russian-Jewish immigrant in America, his career as a shadowy Comintern agent in many lands and rise to prominence as the man allegedly in charge of the Soviet effort to turn China to communism in the 1920s (the main part of the book), and finally, the years of semi-disgrace ending in an unnoted death. A first-rate contribution, both as biography and as a study of Soviet policy toward China, to which Jacobs adds his own measured views.

REVOLUTION AND REALITY: ESSAYS ON THE ORIGIN AND FATE OF THE SOVIET SYSTEM. By Bertram D. Wolfe. Chapel Hill: University of North Carolina Press, 1981, 401 pp.

Most of the essays are articles reprinted from the 1960s, but a few (including an excellent piece on the Comintern and the splits in the European socialist parties) appear here for the first time. The subjects are varied, ranging from pre-Revolution Russia to the future of the Soviet system, but they are tied

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together by Wolfe's intimate knowledge of events, keen intelligence and honesty. Some background on the origins and the occasion of the individual essays would have been helpful.

POLITICAL PARTICIPATION IN COMMUNIST SYSTEMS. Edited by Donald E. Schulz and Jan S. Adams. Elmsford (N.Y.): Pergamon Press, 1981, 334 pp. $35.00.

Scholars not satisfied with the model of communist states as totalitarian, "mobilized" or "administered" societies have been examining individual cases and making comparative studies to see what types and degrees of citizen participation in political life actually exist in practice. These essays on the U.S.S.R., Eastern Europe, China and Cuba do not follow any set approach or theory, but they add considerably to our knowledge and they do point up the wide differences among communist states.

THE STATE AND SOCIALISM. By Mihaly Vajda. New York: St. Martin's, 1981, 150 pp. $20.00.

Reflections of a Hungarian intellectual on capitalism, socialism and democracy in Eastern Europe. Much concerned with matters of definition and sometimes tedious for the non-Marxist reader, these essays written at various times in the 1970s nevertheless make it plain why the author was expelled from the Party. They also reflect the ferment among members of the East European intelligentsia since the Prague Spring.

THE ROAD TO GDANSK: POLAND AND THE USSR. By Daniel Singer. New York: Monthly Review Press, 1981, 256 pp. $15.00.

Essays on Poland and the Soviet Union—more precisely, on the changing structure of those societies and the growth of actual or potential opposition to the ruling regimes. A journalist formerly with *The Economist*, Singer gives a sharp and stimulating analysis tinged with his own hopes for evolution toward democratic socialism in all of Europe. An epilogue covers the Polish events of the summer of 1980.

THE END OF THE TITO ERA: YUGOSLAVIA'S DILEMMAS. By Slobodan Stanković. Stanford: Hoover Press, 1981, 154 pp. $9.95 (Paper).

In the year since Tito's death, Yugoslavia's situation and outlook have been marked by uncertainty and confusion despite the absence of acute crisis. Radio Free Europe's long-time Yugoslav expert, who has a deep knowledge of the country and its problems, shares some of it here, but his book tends to reflect the confusion rather than clarify what the new directions are or will be. The general forecast, in any case, is a pessimistic one.

The Middle East and North Africa

John C. Campbell

BEYOND CAMP DAVID: EMERGING ALIGNMENTS AND LEADERS IN THE MIDDLE EAST. By Paul A. Jureidini and R.D. McLaurin. Syracuse (N.Y.): Syracuse University Press, 1981, 197 pp. $18.00 (Paper, $8.95).

A survey of current trends and a five-year projection, patchy in organization but positive in argument and bold in prediction. The authors are properly impressed with the prospects for continued instability (foreseeing likely disintegration for Lebanon, Syria, Iran and possibly others) but are optimistic

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about Egypt and see real possibilities for successful U.S. diplomacy if the policymakers have the wit and courage to seize them.

CHALLENGES IN THE MIDDLE EAST: REGIONAL DYNAMICS AND WESTERN SECURITY. Edited by Nimrod Novik and Joyce Starr. New York: Praeger, 1981, 133 pp.

American and Israeli experts examine Western security problems in the light of recent Soviet gains in the Horn, Afghanistan and elsewhere. The scholarly contributors represent what might be called an interlocking intellectual community in general agreement on the dimensions of the Soviet threat, and on the means of meeting it through American-Israeli cooperation and without undue reliance on unstable Arab states or exaggerated attention to the Palestine problem.

U.N. SECURITY COUNCIL RESOLUTION 242: A CASE STUDY IN DIPLOMATIC AMBIGUITY. Washington: Institute for the Study of Diplomacy, School of Foreign Service, Georgetown, 1981, 64 pp. $4.00 (Paper).

Lord Caradon, Arthur J. Goldberg, Mohamed El-Zayyat and Abba Eban, the diplomats principally responsible for the drafting and negotiation of the famous resolution of November 1967, which owes its life to ambiguity and is still presumably the basis for Arab-Israeli settlement, recount in a symposium how it came about. While their recollections and interpretations are enlightening, they do not give a full and satisfying legislative history. Lord Caradon, the proposer of the resolution, is less interested in the past than in getting on with the negotiation of a real peace.

THE MYTH OF THE OPEC CARTEL: THE ROLE OF SAUDI ARABIA. By Ali D. Johany. New York: Wiley, 1980, 107 pp. $36.00.

A Saudi economist sets out to prove that OPEC is not a cartel—in the sense of having fixed prices, production quotas and a central managing mechanism—and he succeeds. He also describes and defends the Saudi policy of keeping production up and prices down.

THE COHESION OF SAUDI ARABIA. By Christine Moss Helms. Baltimore: Johns Hopkins, 1981, 313 pp. $25.00.

Where past accounts of the making of Saudi Arabia, by Philby and others, stressed the heroic deeds of Ibn Saud, this solid study of the first three decades of this century carefully examines the character of central Arabian society and the internal and external factors which made possible the emergence of the new nation-state. Research in British and Arabic sources throws new light on Ibn Saud's relations with neighbors and especially on the complicated negotiations establishing Saudi Arabia's frontiers.

THE POLITICAL ECONOMY OF MODERN IRAN: DESPOTISM AND PSEUDO-MODERNISM, 1926-1979. By Homa Katouzian. New York: New York University Press, 1981, 389 pp. (New York: Columbia University Press, distributor, $40.00; paper, $19.50).

A curious amalgam of dry economics and passionate politics, making a most interesting history of Iran in the Pahlavi era. The author, who dedicates his book to the memory of Mohammed Mossadeq, pulls no punches in his descriptions of the "pseudomodernist despotism" of Reza Shah and the "petrolic despotism" of his son; nor does he spare, in a brief epilogue, the follies of the pan-Islamic zealots who have taken power since 1979.

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THE SOVIET UNION AND IRAN: SOVIET POLICY IN IRAN FROM THE BEGINNINGS OF THE PAHLAVI DYNASTY UNTIL THE SOVIET INVASION IN 1941. By Miron Rezun. Leiden: Sijthoff/Geneva: Institut Universitaire de Hautes Études Internationales, 1981, 425 pp.

The most thorough study yet on a critical chapter of Soviet policy in the Middle East. Rezun has made good use of the published documentary collections of the Soviet Foreign Ministry, now out for that period, as well as of other Soviet, Iranian and Western sources. He faces frankly the difficulties of untangling the activities of Narkomindel, the NKVD and the Comintern, and keeps his eye on the central concept of Soviet state interest.

THE MODERNIZATION OF TURKEY. By Walter F. Weiker. New York: Holmes & Meier, 1981, 303 pp. $37.50.

A survey of the Turkish Republic's first half-century of progress. Especially useful for its extensive documentation of the facts of growth and change, it spares the reader excessive theorizing over what modernization means. Because the perspective is one of 50 years, contemporary problems do not have the spotlight, although one might have hoped for more background on Turkey's recent economic and political travail.

BUREAUCRACY AND COLD WAR DIPLOMACY: THE UNITED STATES AND TURKEY, 1943–1946. By David J. Alvarez. Thessaloniki: Institute for Balkan Studies, 1980, 147 pp.

A monograph on the decisive turn in American policy to support Turkish independence against Soviet pressures after World War II. Having consulted the archives and also some of the key participants, the author tells a straight story and attempts to divine how individual officials with varying motives actually contributed to the decisions. This work might well be read in conjunction with that of Barry Rubin on the background of the Truman Doctrine, *The Great Powers in the Middle East, 1941–1947* (noted in *Foreign Affairs*, Spring 1981).

THE EGYPTIAN POLICY IN THE ARAB WORLD: INTERVENTION IN YEMEN, 1962–1967. By Ali Abdel Rahman Rahmy. Geneva: Institut Universitaire de Hautes Études Internationales, 1981, 542 pp.

Owing to the sensitivity of the subject, it is still not possible to write the definitive story of Abdel Nasser's intervention and war in Yemen on the basis of full documentation. But this study by an Egyptian scholar, using all available material plus interviews, is the most comprehensive and objective account of that ill-advised venture yet written. It covers both political and military aspects, places the episode in the context of the inter-Arab and international politics of the time and of Nasser's own preconceptions and drives, and gives the pros and cons of the key decisions.

ARAB NATIONALISM. By Bassam Tibi. New York: St. Martin's, 1981, 286 pp. $20.00.

A perceptive examination of Arab nationalism in theory and practice, placing it in the double context of influence from the West (in particular, German Romantic nationalism) and of Third World emancipation, and affirming the importance of the writings of Sati al-Husri. In concluding his study (first published in 1971 in German) the author states that the movement is profoundly affected by day-to-day political realities, but he has not enriched this new edition with references to the realities of the intervening decade.

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THE EMERGENCE OF THE MODERN MIDDLE EAST. By Albert Hourani. Berkeley: University of California Press, 1981, 263 pp. $30.00.

Albert Hourani is always worth reading, in this case re-reading, for his explorations into the history and religion of Middle East peoples illuminates the present as well as the past. A candid introduction places the individual essays in the development of his own thought and writing. The final one, an assessment of George Antonius's *Arab Awakening* in 40 years' perspective, is published for the first time.

Asia and the Pacific

Donald S. Zagoria

SINO-SOVIET RELATIONS SINCE MAO: THE CHAIRMAN'S LEGACY. By C.G. Jacobsen. New York: Praeger, 1981, 170 pp.

A competent account of recent Sino-Soviet relations. The author provides a good deal of convincing evidence that the Chinese leaders are less than impressed with the return on their "Western investment," and that there will continue to be a long-term Chinese interest in improved relations with the Soviet Union. He is also convincing in his suggestion that serious developmental constraints in China will eventually force the Chinese to move back to a Soviet, perhaps a neo-Stalinist, pattern of development.

THE INTERNATIONAL ENERGY RELATIONS OF CHINA. By Kim Woodard. Stanford: Stanford University Press, 1980, 717 pp. $50.00.

A lengthy tome full of information on China's energy policies. But it seems to have reached at least one wrong conclusion: "All the projections for the Chinese energy balance show a rapid expansion of energy commodity exports in the early 1980s." Yet Vice Premier Gu Mu recently told a Japanese delegation that the "Gang of Four" had exaggerated China's oil potential and that the country cannot meet its export commitments. Only 8.3 million of the contracted 9.5 million tons of oil due to be shipped to Japan in 1981 will actually be delivered; in 1982, the figure will decline further to 8.1 million tons as against the promised 15 million tons.

SCIENCE IN CONTEMPORARY CHINA. Edited by Leo A. Orleans. Stanford: Stanford University Press, 1980, 599 pp. $35.00.

A collection of 28 papers by American scientists on science in China. Attention to the social sciences is limited, but one of the most interesting articles is a review by Harry Harding of the kinds of research now going on in China on contemporary political issues. There is a fair amount of research on the Soviet Union. Chinese specialists have attempted to define "social imperialism" and to explain why and how the Soviet Union became such a power. The question has aroused much controversy. A similar debate goes on concerning the question of when the Soviet Union became "revisionist." (In 1956, when Khrushchev launched "de-Stalinization," or during the Stalinist period itself?) And some reevaluation of the Soviet political and economic system appears to be going on. Some Chinese scholars have recently begun to ask whether certain features of the Soviet Union may be "socialist," rather than "revisionist," in nature.

WHO'S WHO IN THE PEOPLE'S REPUBLIC OF CHINA. By Wolfgang

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Bartke. Armonk (N.Y.): Sharpe, 1981, 744 pp. $100.00.

Current information in depth on the leaders of the Party and the government, both national and provincial, with a detailed exposition of the leadership structure and organization. More than 20 years of research went into this comprehensive biographical work.

WAITING FOR A "PEARL HARBOR": JAPAN DEBATES DEFENSE. By Tetsuya Kataoka. Stanford: Hoover Press, 1981, 79 pp. $7.95 (Paper).

A Japanese professor analyzes Japan's defense debate and concludes that Japan "will not try to change her status as a pacifist dependency [of the United States] until and unless such a change is forced on her by a security crisis." In that event, says the author, the Japanese will opt for a nuclear *force de frappe* to deter Soviet nuclear blackmail and will move in a Gaullist direction. Such a Japan would continue to be a staunch friend of the United States but would want greater autonomy in defending the Western Pacific. Finally, says the author, the United States can no longer "have it both ways" regarding Japan's defense. Either it must offer a reliable guarantee of Japan's security that includes the security of Korea, or it must allow Japan to move to a more independent posture.

UNITED STATES-JAPAN ECONOMIC RELATIONS. Hearings before the House Committee on Foreign Affairs, September-October, 1980. Washington, D.C.: GPO, 1981, 337 pp.

A very important congressional report probing the major issues involved in U.S.-Japanese economic relations—auto imports, market access, non-tariff barriers—and exploring possible solutions to existing problems. A number of experts conclude, as former U.S. Ambassador to Japan Robert Ingersoll put it, that "no set of recommendations will affect our relations [with Japan] more than the improvement in the fundamental strength of the U.S. economy." As long as the U.S. economy suffers from inflation, recession, weak savings and capital formation, declining productivity, etc., says Ingersoll, "our interdependent economic relations with Japan will deteriorate."

POLITICAL CHANGE AND THE ECONOMIC FUTURE OF EAST ASIA. Edited by Robert B. Hewett. Honolulu: University Press of Hawaii (for Pacific Forum), 1981, 189 pp. $10.00 (paper).

The most recent publication of the Honolulu-based Pacific Forum, this is a very useful collection of papers on the contemporary East Asian scene by several prominent political scientists, economists and diplomats from the United States and Asia. There are solid articles by Richard Sneider and Jiro Tokuyama on the recent moves toward greater regional cooperation; there are several good pieces on U.S., Chinese and Soviet policies in the region; and, finally, there are several informative surveys of the economic, financial and resource outlooks for the region in the 1980s.

THE INTERNAL SITUATION IN THE PHILIPPINES. By Larry A. Niksch and Marjorie Niehaus. Washington: Congressional Research Service, 1981, 134 pp.

A very balanced and thoughtful Congressional Research Study which examines various aspects of the situation in the Philippines: the performance of the Marcos government, the status of important Filipino interest groups including the existing or potential opposition, and the role of U.S. policy in influencing the internal situation. It concludes that "there is little question that support for . . . the Marcos government has eroded among certain seg-

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ments of the society, most notably within the Catholic Church and the middle class," but doubts that the disunited opposition elements could mount a sustained movement that would topple the government.

WILL SHE BE RIGHT?: THE FUTURE OF AUSTRALIA. By Herman Kahn and Thomas Pepper. Queensland (Australia) and Lawrence, Mass: University of Queensland Press, 1981, 199 pp. $18.75 (Paper, $7.25).

A stimulating analysis of various options open to Australia in the future: "Business-as-Usual Australia," "A Premature Post-Industrial Australia," and "A Revitalized Australia." The authors are particularly skillful in placing Australia's economic options in the context of the larger Pacific and global historical trends.

AFGHANISTAN IN CRISIS. Edited by K.P. Misra. New York: Advent Books, 1981, 150 pp. $18.95.

The value of this collection is that it provides an Indian perspective on the Afghan crisis. India's interest, says one author, is to prevent a reversal of the process of normalization in South Asia which he traces to the Simla Agreement between India and Pakistan in 1972. At the same time, India does not want the Afghan crisis to hinder India's efforts to normalize relations with China, to maintain close ties to the Soviet Union, and to slowly improve relations with the leading Western powers.

Africa

Jennifer Seymour Whitaker

SOUTH AFRICA: TIME RUNNING OUT. Report of the Study Commission on U.S. Policy Towards Southern Africa. Berkeley: University of California Press (for the Foreign Policy Study Foundation), 1981, 576 pp.

As a product of more than two years of exploration and deliberation on the part of a distinguished group of non-expert commissioners, this book will stand as a reference point for U.S. policy toward South Africa. The bulk of the volume is devoted to a comprehensive survey of contemporary South Africa, and to a lesser extent, its international context. Replete with facts and figures, and lifted by a moving series of interviews with a cross section of South Africans, this study provides a very useful background compendium for the analysis of internal forces within South Africa and of concrete U.S. interests in that country.

The concluding policy section, however, is less sharply defined. Reflecting the intractability of the South African dilemmas, as well as the Commission's desire for consensus, the exhaustive balancing of pros and cons sometimes muffles significant insights. The recommendations depart from the continuum of U.S. policy chiefly at the margins—in supporting a broadening of arms and nuclear embargoes and calling for a voluntary end to new investment by U.S. corporations. They also emphasize positive incentives for change and advocate substantial aid to the countries of the southern African region. Rather than breaking new ground, the Commission has chosen to fulfill its pedagogical mandate by fully elucidating the process of argumentation leading to its conclusions. The result will disappoint some and be seen by others as fostering an informed American consensus on South Africa.

WHY SOUTH AFRICA WILL SURVIVE. By L.H. Gann and Peter Duignan. New York: St. Martin's, 1981, 312 pp. $27.50.

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A frank and virtually unalloyed admiration for the strength and capability of South Africa's nationalist regime pervades this study by Hoover Institution Senior Fellows Gann and Duignan. Their thesis—that South Africa will be able to resist all conceivable threats to the status quo for the foreseeable future and that the West should therefore support the current regime—is buttressed by an array of economic and military statistics. Their picture of South Africa's situation is, however, fatally flawed by their neglect of several crucial factors: the effect of apartheid in creating a new generation of militant blacks; the change in both black and white perceptions about the survival of the status quo with the independence of Angola, Mozambique and Zimbabwe; and the growing Western stake in the resources and trade of black Africa.

THE PSYCHOLOGY OF APARTHEID. By Peter Lambley. Athens: University of Georgia Press, 1981, 291 pp. $16.50.

A clinical psychologist trained in South Africa offers a provocative psychological profile of South Africa's main racial groups and their responses to apartheid. Although its scientific soundness is difficult to judge, Lambley's comparison of attitudes of Afrikaners, English and Coloureds as revealed in psychological testing is fascinating and original; in addition, his account of the treatment of blacks and whites in an Afrikaans mental hospital offers an extraordinary glimpse of the uses of the madhouse in achieving social control. His generalizations outside of his immediate clinical experience, however, seem based on very little evidence—particularly about blacks, whom he portrays as largely acquiescent victims of the apartheid system.

UP AGAINST APARTHEID: THE ROLE AND THE PLIGHT OF THE PRESS IN SOUTH AFRICA. By Richard Pollak. Carbondale: Southern Illinois University Press, 1981, 157 pp. $12.95.

This richly anecdotal essay describes the maze of restrictions circumscribing South Africa's press, and the rigidly controlled content of South African television. Unfortunately, the author provides only scanty coverage of the influential Afrikaans newspapers.

THE AFRICAN-ARAB CONFLICT IN THE SUDAN. By Dunstan M. Wai. New York: Holmes & Meier, 1981, 234 pp. $35.50.

Supporting his first-hand knowledge of his country's civil war with apparently careful research, a southern Sudanese political scientist provides an authoritative history of the politics of war and peace between Sudan's Arab North and African South. Positive and hopeful about present and future relations between the two areas, he nonetheless points out the fragility of the present governmental arrangement uniting them, and suggests a federal arrangement which would be effective for Arab as well as African regions.

AFRICAN SOCIALISM IN TWO COUNTRIES. By Ahmed Mohiddin. Totowa (N.J.): Barnes & Noble, 1981, 231 pp. $25.00.

A lecturer in the Department of Government at the University of Nairobi compares Kenya's official development policy of "African socialism" with Tanzania's "Ujamaa" socialism, starting with the original declarations of the two policies and examining their subsequent implementation. His conclusion will startle no one: Kenyan "socialism," which is really capitalism, has fostered both economic growth and gross inequities; Tanzania's genuine socialism, on the other hand, has leveled inequities but stunted growth.

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